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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
CELSIUS NETWORK LLC, <i>et al.</i> , ¹)	Case No. 22-10964 (MG)
Debtors.)	(Jointly Administered)

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); Celsius US Holding LLC (7956); GK8 Ltd. (1209); GK8 UK Limited (0893); and GK8 USA LLC (9450). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 50 Harrison Street, Suite 209F, Hoboken, New Jersey 07030.

**DECLARATION OF MAXWELL GALKA ON BEHALF OF THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS IN SUPPORT OF CONFIRMATION OF
THE JOINT CHAPTER 11 PLAN OF REORGANIZATION OF CELSIUS NETWORK,
LLC AND ITS DEBTOR AFFILIATES**

I, MAXWELL GALKA, hereby declare under penalty of perjury, as follows:

1. I am the founder and chief executive officer of Elementus, Inc. (“**Elementus**”), a blockchain intelligence and forensics company based in New York, New York, and a forensics advisor to the Official Committee of Unsecured Creditors (the “**Committee**”) of the above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”).

2. I submit this declaration (the “**Declaration**”) in support of the *Joint Chapter 11 Plan of Reorganization of Celsius Network, LLC and Its Debtor Affiliates* (the “**Plan**”). I am over 18 years old and authorized to submit this Declaration on behalf of the Committee.

3. Except as otherwise indicated, all facts set forth in this Declaration are based on my personal knowledge, my discussions with my colleagues at Elementus, advisors at M3 Partners, advisors of the Committee, or other members of the Debtors’ management and the Debtors’ advisors, my review of relevant documents, or my opinion based on my experience, knowledge, and information.

4. I hold degrees in finance and computer science engineering from the University of Pennsylvania. I have also served as an adjunct lecturer in data science at the University of Pennsylvania.

5. I have over 15 years of experience in data science, finance, and quantitative analysis, including experience trading complex derivatives at global investment banks Credit Suisse (2004-2010) and Deutsche Bank (2010-2013). I also have 9 years of experience trading financial instruments.

6. I specialize in blockchain intelligence and forensics analysis, including investigating complex transactions and flow of funds activities that occur on blockchains. I also specialize in analyses that monitor and trace illicit activity and ransomware attacks that are often designed to be hidden on blockchains. My analyses are often performed to help protect individuals and businesses from risks associated with blockchains and cryptocurrencies.

7. I founded Elementus in 2017. Elementus is a data science company that specializes in identifying entities operating on the blockchain and helps forward thinking, data-driven organizations of all sizes to leverage the power of blockchains. Elementus's data-driven blockchain intelligence platform provides the most complete data set and sophisticated attribution capabilities on the market to investigate on-chain activities, identify risk, and discover valuable market intelligence.

8. On June 21, 2023, I submitted a declaration in these chapter 11 proceedings in support of the *Committee's Omnibus Objection to Motions for Entry of an Order to Dollarize Non-Insider CEL Token Claims at the Petition Date Price of \$0.81565* (the "**Galka June Declaration**") [Dkt. 2845].

9. In the Galka June Declaration, I calculated the amount of CEL Tokens held by certain insiders of Celsius. *Id.* A true and accurate representation of Elementus's analysis of the number of CEL Tokens held by these Celsius insiders as of July 12, 2022, as set forth in the Galka June Declaration, is attached hereto as **Exhibit 1**.


10. On September 22, 2023, I submitted an Expert Report in these chapter 11 proceedings regarding certain issues relating to CEL Token valuation (the "**Galka Expert Report**"). A copy of the Galka Expert Report is attached hereto as **Exhibit 2**.

11. The exhibits identified as Exhibits 1-90 in the Committee's Exhibit List, filed on September 27, 2023, were documents upon which I relied in preparing the Galka Expert Report.

12. If called to testify at the confirmation hearing in connection with the Plan, I would adopt the contents of the Galka June Declaration and the Galka Expert Report as my direct testimony before the Court, and otherwise testify competently to the facts set forth in this Declaration, the Galka June Declaration, and the Galka Expert Report.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: September 27, 2023



Maxwell Galka
Founder and Chief Executive Officer
Elementus, Inc.

Exhibit 1

CEL Tokens Owned By Certain Insiders⁽¹⁾	7/12/2022
Alexander Mashinsky	70,096,767
Shlomi Daniel Leon	15,934,635
Hanoch “Nuke” Goldstein	9,705,806
Kristine Meehan Mashinsky	2,117,023
Jeremie Beaudry	274,249
Harumi Urata-Thompson	315,487
Johannes Treutler	535,928
Total Defendants CEL Balance	98,979,895
Treasury CEL Balance	284,568,835
Available CEL Supply⁽²⁾	692,753,441

Notes:

- Balances include related entities and collateral related loans. Balances include (i) on platform holdings as disclosed in the Debtors’ Schedules and Statements of Financial Affairs, and (ii) Defendants’ known wallets.*
- The total supply of CEL was fixed at 700 million. Celsius periodically destroyed or burned certain of those CEL token. As of the last CEL burn transaction, dated June 10, 2022, approximately 693 million CEL tokens existed, per Etherscan.*

Exhibit 2

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

)
) **Chapter 11**

CELSIUS NETWORK LLC, *et al.*,¹

)
) **Case No. 22-10964 (MG)**

DEBTORS.

)
) **(Jointly Administered)**
)

EXPERT REPORT OF MAX GALKA

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); Celsius US Holding LLC (7956); GK8 Ltd (1209); GK8 UK Limited (0893); and GK8 USA LLC (9450). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these Chapter 11 cases is 50 Harrison Street, Suite 209F, Hoboken, New Jersey 07030.

A. Qualifications

1. I, Max Galka, am the CEO and Founder of Elementus, a blockchain intelligence and forensics company.

2. I hold degrees in Finance from the Wharton School of Business and Computer Science Engineering from the University of Pennsylvania. I have also served as an adjunct lecturer in data science at the University of Pennsylvania.

3. I have over 15 years of experience in data science, finance, and quantitative analysis, including experience trading complex derivatives at global investment banks Credit Suisse (2004-2010) and Deutsche Bank (2010-2013). I also have 9 years of experience trading financial instruments. A copy of my CV is attached hereto as **Exhibit A**.

4. I specialize in blockchain intelligence and forensics analysis, including investigating complex transactions and flow of funds activities that occur on blockchains. I also specialize in analyses that monitor and trace illicit activity and ransomware attacks that are often designed to be hidden on blockchains.

5. I have extensive experience with forensic investigations and have participated in numerous investigations with U.S. law enforcement agencies. Most of my investigations involve examining financial schemes. I hold 2 patents (with 2 pending) for the data science clustering methodologies I have established.

6. I have submitted declarations in this Chapter 11 case, but not previously testified as an expert witness.

7. The Court authorized the retention of Elementus as blockchain forensic advisor for the Committee. *See Order Authorizing the Employment and Retention of Elementus Inc. as Blockchain Forensics Advisor Effective as of August 1, 2022* [Dkt. No. 1097] (“**Elementus Retention Order**”). Under the Elementus Retention Order, Elementus charges a rate of \$1,000 per hour for my work for the Official Committee of Unsecured Creditors (“Committee”) appointed in the above-captioned chapter 11 cases, including for the preparation of this Report, and varying rates for work performed by other members of the Elementus team, all in accordance with the fee structure approved in the Elementus Retention Order. Other than the hourly rate charged for my services and the hourly rates charged for other members of the Elementus team under the fee structure, Elementus is not being compensated for its work, including my preparation of this Report. Subject to the foregoing, I have not received or been promised any compensation for the testimony provided in this Report.

B. Scope of Assignment

8. Elementus was retained by the Committee to provide blockchain forensic support in connection with these Chapter 11 Cases and I am leading Elementus' engagement by the Committee.

9. The Debtors have proposed the *Joint Chapter 11 Plan of Reorganization for Celsius Network, LLC and Its Affiliated Debtors* [Dkt. No. 3319] (the "**Plan**"). The Plan proposes to distribute the value of the Debtors' estates among the Debtors' creditors. Substantially all of the claims against the Debtors are on account of account balances in the Debtors' Earn, Borrow and Custody programs.

10. I understand that the Plan generally proposes to calculate the value of claims that account holders have against the Debtors for the return of cryptocurrency transferred to the Debtors and reflected in Earn or Borrow account balances, based on the market price of the applicable cryptocurrency on the date Celsius filed for relief under chapter 11. Plan, Art. I.F.

11. I also understand that the Plan proposes to treat CEL Token differently, for multiple reasons, including uncertainty on how CEL Token should be treated under the Bankruptcy Code, and uncertainty about the market price of CEL Token is an accurate measure of the value of that token on July 13, 2022, the date that the Debtors filed for chapter 11 relief (the "**Petition Date**").

12. I have been asked to provide an expert opinion on:

- a) The Company's prepetition purchases of CEL Token and the effect those prepetition purchases had on the price of the CEL Token; and
- b) Whether the \$0.81 price calculated by the Debtors in *Notice of Filing of Cryptocurrency Conversion Rates* [Dkt. No. 1420] (the "**Petition Date Price Notice**") is an accurate measure of the value of CEL Token on the Petition Date;

13. As set forth more fully below, based on my review of the materials, I have concluded that:

- a) The Company's prepetition purchases of CEL Token greatly exceeded the amount of CEL Token that Celsius paid in interest and sold through its OTC desk and had the effect of inflating the market price of the CEL Token; and
- b) The market price of CEL Token calculated by the Debtors in the Petition Date Price Notice of \$0.81 is not an accurate indication of the value of CEL Token on the Petition Date.

14. A list of the documents I have considered in preparing this Report and coming to these conclusions is attached as **Exhibit B**.

C. Background Information

1. Overview of Digital Assets

15. Digital assets, often referred to as “crypto” or “cryptocurrency,” are a digital representation of value. Fiat currency is backed by a centralized government. For example, the U.S. dollar is backed by the full faith and credit of the U.S. government. Unlike fiat currency, digital assets are generally not backed by any government. Instead, they are backed by immutable computer code that records and verifies transactions. That code is public and may be accessed by any user.

16. The user-based, “peer-to-peer” system that underpins all cryptocurrency enables anyone, anywhere, to send and receive payments digitally without the involvement of a traditional financial institution.

17. Digital asset transactions are verified and recorded on a digital public ledger known as the “blockchain,” which functions as an online database that stores records of specific digital transactions. Blocks in the chain are created when digital asset transactions are verified and recorded in sequential time-stamped batches.

18. The digital assets at issue in this Report reside on public blockchains. The entire history of digital transactions on those blockchains is visible to anyone. CEL Token transactions occur, and were recorded on, the Ethereum blockchain.

2. The Crypto Ecosystem

19. An account on the Ethereum blockchain consists of a public and private “key.” The public key is essentially an address, represented by a unique 42-character alphanumeric string, that identifies the account on the blockchain, allowing other users to send cryptocurrency to that account.

20. The private key is used by the account owner to verify their ownership and authorize transactions from the account on the blockchain. Anyone who knows the private key of an account can authorize transactions from that account, and—unlike passwords associated with online bank accounts, for instance—private keys cannot be changed. Thus, once its private key is compromised, an account can never be secured again.

21. The most common way for users to manage their account is through a wallet. A wallet is an application that store users’ public and private keys while providing an easy-to-use interface to initiate transaction on the blockchain. Aside from sending or receiving cryptocurrency with other users, wallets enable users to interact with decentralized applications. Decentralized

applications are automatic programs coded into the blockchain as “smart contracts” that can be interacted with by users.

22. Many cryptocurrency companies accept cryptocurrency from individuals or entities and then store, invest, or otherwise use the transferred cryptocurrency subject to whatever agreements they have with the users or entities. The Debtors, as a group, are one such entity.

23. Often times, entities will use an internal ledger to record transfers between users “off-chain,” rather than transferring the assets “on-chain” from one wallet to another. Transfers on an internal ledger are not visible to the public.

24. Cryptocurrency is traded between users on centralized or decentralized platforms. A centralized cryptocurrency exchange (“**CEX**”) refers to a digital platform operated by a single entity or organization that facilitates the buying, selling, and trading of cryptocurrencies. A CEX operates similarly to a traditional broker where transactions can be settled on internal ledgers or publicly on the blockchain on which the transactions occurred. Due to the centralized nature of a CEX, the transaction data of a CEX is often not visible on the blockchain. There are over 200 CEXs listed on CoinMarketCap, which is a popular site used to track cryptocurrencies.² Each CEX will post its own prices for the cryptocurrency traded on that exchange. Unlike certain equity markets, there is no regulated or centralized pricing system for cryptocurrencies. The price of a cryptocurrency may differ from one exchange to another based on the economic and trading factors of supply and demand on each respective exchange.

25. In contrast to CEXs, a decentralized exchange (“**DEX**”) is a digital trading platform that facilitates the peer-to-peer exchange of cryptocurrencies without a centralized intermediary. Utilizing blockchain technology and smart contracts, a DEX ensures that users retain custody of their assets, executing trades directly from individual wallets. One example of a decentralized exchange is Uniswap, which is discussed in more detail below. Because transactions on decentralized exchanges occur between wallets, the on-chain transaction data associated with trading on those exchanges can be accessed by anyone who can access the blockchain.

26. Certain institutions offer to buy and sell cryptocurrency through over-the-counter (“**OTC**”) transactions. These transfers are often referred to as being traded through an “OTC Desk.” The primary role of an OTC Desk is to match buyers and sellers. When a buyer or seller approaches the desk with a specific order, the OTC desk will look for a counterparty to fill that order. Through an OTC Desk, individuals or institutions can execute large-volume cryptocurrency trades without going through the public exchange order book.

² CoinMarketCap aggregates data from multiple sources to provide users with real time pricing and trading data for thousands of digital assets. *See* CoinMarketCap, available at <https://coinmarketcap.com/>.

27. Another key player in the cryptocurrency market is a market maker. A market maker's role is to provide liquidity for a given cryptocurrency while remaining risk neutral by creating a spread between the prices quoted to buy or sell tokens. Market makers buy and sell cryptocurrencies to provide a more predictable trading environment.

28. However, market makers may not always be effective. For example, factors such as speculative trading, limited liquidity and sudden market movements can make it challenging for market makers to mitigate price volatility.

29. Despite sharing some similarities, cryptocurrency marketplaces differ substantially from traditional securities, such as publicly-traded stock. For instance, while cryptocurrencies and stock are both frequently bought and sold through exchanges, as discussed above, cryptocurrency exchanges can be either centralized (*i.e.*, a CEX operated by a single entity) or decentralized (*i.e.*, a DEX operating automatically through smart contract directly on the blockchain). Moreover, cryptocurrency trades (especially when made through a DEX) generally settle bilaterally and in real time, unlike stocks traded through traditional exchanges, which are settled through a third-party a clearing agency and can take days to settle. Accordingly, whereas stocks can generally only be traded during hours and days set by the exchange, cryptocurrency markets generally function twenty-four hours a day, three-hundred-sixty-five days a year.

3. The Ethereum Blockchain and ERC-20 Tokens

30. Ethereum is the second largest blockchain by market capitalization behind Bitcoin. Transaction processing (or “gas”) fees on Ethereum are paid for in its native token, Ether (“ETH”). ETH is fungible and the aggregate balance of ETH held in each account is kept as a ledger. Transactions on Ethereum are “validated” using a proof-of-stake consensus mechanism. Under that consensus mechanism, users can participate in the process of storing data, processing transactions, and generating new blocks by “staking” (effectively locking up) ETH tokens. By staking, users receive a portion of the fees captured by the creators of each new block.³

31. Aside from ETH, Ethereum also supports hundreds of thousands of other fungible and non-fungible tokens that have been deployed on top of the Ethereum blockchain. Fungible tokens developed on Ethereum are generally standardized according to the “ERC-20” token standard, which requires those tokens to be programmed with certain minimum functions.⁴

32. All ERC-20 tokens can be sent to or from standard Ethereum blockchain public addresses, and any wallet, exchange, or other software made to interact with ERC-20 tokens

³ The Ethereum Foundation, *What is staking?* (last accessed Sept. 21, 2023) (available at <https://ethereum.org/en/staking/>).

⁴ Blockchain Council, *Beginner's Guide: What Is ERC20?* (Mar. 31, 2023) (available at <https://www.blockchain-council.org/ethereum/beginners-guide-what-is-erc20>).

could easily interact with any token adopting that standard. Since then, hundreds of thousands of tokens have been created using the ERC-20 standard.⁵

33. CEL is an ERC-20 token deployed on the Ethereum blockchain.

4. Celsius and the CEL Token

34. Celsius was founded by Alex Mashinsky, Schlomi Daniel Leon, and Hanoch “Nuke” Goldstein. In this Report, when I refer to Celsius, I am generally referring to the customer-facing business of Celsius (except where the context provides otherwise).

35. Celsius provided several products and services to institutional and retail customers, such as its interest-bearing Earn product and a crypto-backed lending “Borrow” product. Customers who deposited funds in the Earn or Borrow product allowed Celsius to deploy those assets, earn yield, and purportedly share that yield with customers in the form of rewards or low interest rates on loans. Celsius also launched a Custody product in April 2022, following regulatory concern over its Earn product. Title to cryptocurrency transferred to Earn accounts remained with the customer, did not earn interest, were not deployed, and were backed by a ringfenced pool of assets that approximated customer liabilities.⁶

a. The CEL Token

36. Celsius minted an ERC-20 token, the CEL Token, in connection with the launch of its platform. The smart contract associated with the CEL Token limits the total supply of CEL Tokens to 700 million. No more CEL Tokens can ever be created. Ferraro Decl. at ¶ 4.

37. In 2018, Celsius published a whitepaper to explain the purpose and importance of CEL Token, describing it as “the backbone of the Celsius Network” and as “key for users who wish to lend or borrow.”⁷

38. CEL Token was described in its White Paper as a utility token.⁸ Utility tokens are specific-purpose tokens that provide functionality for their on-chain ecosystems. Typically, utility tokens are consumptive in nature and used to pay transaction fees for network services,

⁵ Crypto.com, *What Are ERC-20 Tokens? All About Ethereum’s Most Important Token Standard* (May 12, 2023) (available at <https://crypto.com/university/what-are-erc-20-tokens-ethereum>).

⁶ *Declaration of Alex Mashinsky, Chief Executive Officer of Celsius Network LLC, In Support of Chapter 11 Petitions and First Day Motions* [Docket No. 23] at ¶ 58.

⁷ Celsius Network Ltd., White Paper, (3, 10), (2018).

⁸ Celsius Network Ltd., White Paper, 10 (2018).

such as ARB, which is used to transfer value, vote on governance decisions, and participate in the Arbitrum ecosystem.⁹

39. The three primary uses of CEL Token were to (i) provide Celsius account holders who entered into margin loan transactions with Celsius discounts on the interest rates of such loans if they paid their interest in CEL Token, (ii) increased rewards (*i.e.*, interest) on account holder's Earn account balances, and (iii) award access to certain features on the Celsius platform according to the amount of CEL Tokens they held in their Celsius accounts. Ferraro Decl. ¶ 5.

40. Celsius pitched CEL Token as a self-sustaining “flywheel” that was dependent on Celsius purchasing CEL Token to fund rewards to account holders who elected to earn interest in CEL Token. The flywheel worked as follows: customers would transfer cryptocurrency to the Celsius platform, which Celsius would then lend to third parties to generate yield and earn profits. Celsius would then use these profits to buy back CEL Token on the open market, which it would use to pay weekly rewards earned by customers.¹⁰

41. As Celsius's marketing efforts resulted in more customers joining the platform and electing to earn rewards in CEL Token, customers' CEL Token balances would increase. Celsius would earn more yield on those customers' deposits, which it could then use to buy back more CEL Token to pay customers' rewards. These buybacks would increase overall demand for, and thus the price of, the CEL Token. The rising CEL Token price would attract more users and assets to the platform, perpetuating the cycle.¹¹

42. Celsius started purchasing CEL Token from third party exchanges in January 2019.

43. In August 2019, Celsius changed how CEL Token rewards were calculated to provide for compounding interest.¹²

44. Whether Celsius funded interest payments from its treasury or through CEL Token purchased on the open market was central to the value of the CEL Token and Celsius' sales pitch for the CEL Token.

45. Celsius represented that it only repurchased CEL Tokens as needed to satisfy obligations to account holders who elected to earn “rewards” in CEL Token. Ferraro Decl. ¶ 21. For instance, on October 2, 2020, Mr. Mashinsky told customers, “We do not use [CEL in treasury]

⁹ Crypto.com, *What Is Arbitrum (ARB)?* (Aug. 14, 2023) (available at <https://crypto.com/university/what-is-arbitrum-arb>).

¹⁰ Celsius Network Ltd., White Paper, (34), (2018); *see also* Ferraro Decl. ¶ 20.

¹¹ Celsius Network, *Celsius Network Co-Founder AMA with Alex Mashinsky and Daniel Leon – Friday, July 17, 2020*, YouTube (July 17, 2020), <https://www.youtube.com/watch?v=csFrn4XtwL0>, at [5:27].

¹² @Mashinsky, Twitter (August 31, 2019) (“For all the @CelsiusNetwork fans who waited for \$CEL to pay interest, well we have done better than that. It now compounds as well. One more reason to #Unbankyourself now.”).

for the weekly buys, so the weekly buys are 100% done from the market. So when we tell you we bought a million or a little bit more of CEL, you know for sure that it came from actually us going into the different markets and grabbing CEL at spot price. We don't do limit orders. We need that CEL, we just grab it. Because our job is to deliver that CEL by a certain deadline to the community, we have to be able to show them that the CEL was purchased and then moved from this wallet to the wallet that holds all of the CEL for the weekly pays. And again, all of you can go and audit that, we publish that wallet several times and you can verify every week that we bought that, you can track the transactions, you can see that it was added to the CEL wallet where all the interest is accumulated and that number it corresponds and is the same number as what was owed to the community.”¹³

46. I understand those representations were made many times, including as late as January 2022, when Mr. Mashinsky stated on one of his weekly live broadcasts that “Celsius does not decide how many CEL Tokens to buy, and how many of them to burn. You decide.”¹⁴

47. Beginning on October 1, 2021, Celsius began burning (or destroying) CEL regularly. When tokens are burned, they are removed from circulation permanently. Celsius advertised that it was burning 10% of the rewards it paid each week. Ferraro Decl. ¶ 23. In 2022, Celsius burned 2.1 million CEL Token. *Id.* at ¶ 24.

48. The Company effectuated burns via a process of sending CEL tokens to a Ethereum wallet address: 0x00. The action of sending tokens from a Company wallet to 0x0 wallet is determined to be a burn. No individual holds the keys to the 0x0 wallet. Once an ERC-20 token, such as CEL Token, is sent to this address, it is effectively removed from circulation.

b. Where the CEL Token Was Traded

49. The CEL token was traded on decentralized exchanges such as Uniswap, Switchero, and Loopring, as well as centralized exchanges such as Argent.xyz, FTX.com, and Liquid.com. The decentralized exchanges: Uniswap, Switchero (both founded in 2018) and Loopring (founded in 2020) are non-custodial in nature and enable the peer-to-peer exchange of assets via smart contracts running on a blockchain network. The centralized exchange Argent XYZ is a platform that allows users to buy, earn, stake, and invest in cryptocurrencies.

50. There were several predominant venues and methods to trade or transact in CEL. First was the Celsius platform itself, where users could move CEL among their accounts, with other

¹³ Celsius Network, *Celsius AMA – Ask Mashinsky Anything – Friday, October 2, 2020*, YouTube (Oct. 2, 2020), <https://www.youtube.com/watch?v=HpTDWR7fnas>, at [1:02:47].

¹⁴ Celsius Network, *Celsius AMA January 7th 2022 – Friday, January 7, 2022*, YouTube (Jan. 7, 2022), <https://www.youtube.com/watch?v=6631ORa2v4M>, at [42:09].

users, or conduct bespoke transactions with its OTC desk. FTX and Liquid.com were the two largest external centralized exchanges where users could trade CEL token.

51. Celsius also sold CEL Token through its OTC desk. In most instances, CEL Tokens purchased through Celsius' OTC desk would be transferred to the purchaser's Celsius account. In this regard, CEL Token purchases through the OTC desk were not visible on the public blockchain.

52. I understand that Celsius would purchase CEL Token from public exchanges to fund or partially fund certain of the sales through its OTC desk. The subsequent transfer of these purchased CEL Tokens back to Celsius' wallets was public on the blockchain. Thus by selling CEL Token through the OTC desk and buying it on third party exchanges, Celsius could create the appearance of demand without disclosing how much CEL Token it was selling.

53. I have reviewed an April 20, 2020 memo from Celsius that provided guidance to the OTC desk about how to fund CEL Token sales.¹⁵ This memo directed that large amounts of CEL Token sold through the OTC desk should be repurchased by the Company within one week to two months. The memo noted that this would ensure the functioning of the CEL Token flywheel; the more CEL Tokens were sold through the OTC Desk, the more CEL Token that Celsius would repurchase on public exchanges, the more customers would see demand for CEL Token, and the more that the price of CEL Token would rise.

54. Other communications from Celsius employees indicate that Celsius bought 25-50% of the CEL Token it needed for OTC sales and "put the other 50-75% into our pocket as Cash."¹⁶

55. Celsius contracted with market makers to provide liquidity for CEL Token on the secondary market. In October 2019, Celsius hired a company called Algoz.¹⁷ Algoz facilitates optimal trading opportunities as well as provides bespoke trading and technology services for all crypto assets.¹⁸ In March 2020, Celsius hired Wintermute to provide market-making services.¹⁹ Wintermute was obligated to maintain a two-sided CEL Token market on Liquid Exchange and one other exchange.

¹⁵ CEL_EXAM-00123399 (Internal OTC desk memo ("We rise and fall with CEL. The more customer use CEL & the more it's worth, the more worth we can extract out of it.")).

¹⁶ CEL-UCC-00182263 (Slack from Johannes Treutler dated March 21, 2021).

¹⁷ CEL-UCC-00332921 (email from Alex Mashinsky dated October 1, 2019 ("Currently we plan to integrate Algoz...")).

¹⁸ See Algoz, available at <https://www.algoz.io/>.

¹⁹ CEL-UCC-00434158 (email from Aliza Landes dated March 4, 2020 (Marisa McKnight: "Could you remind me again who the MM will be for CEL/USDC?" Aliza Landes: "Wintermute!")).

c. Celsius Wallet Structure

56.Celsius used Fireblocks to manage its digital assets beginning in January 2020. Fireblocks provides both custodial and non-custodial solutions for users to secure their digital assets. The Company provided my team with an inventory of all workspaces and wallets it held on Fireblocks.²⁰ In Fireblocks, a workspace is a collection of wallets and allows customers to organize their wallets to better manage their assets.²¹

57.Excluding user and frictional wallets that were transitory in nature, Celsius used ten unique workspaces, which each were intended to serve a different purpose, with 8,820 wallets²² held within those workspaces. Wallets could be moved between workspaces and can be relabeled over time. The history of which workspaces held which wallets, or prior labels applied to workspaces, was not provided, and so my team’s analysis did not rely upon the Fireblocks labels, but rather evaluated the total set of on-chain transactions that involved these wallet addresses. Celsius’s two largest workspaces comprise 89% of the ten workspaces’ asset value at the Petition Date, Celsius Network Limited (UK) and Celsius – Custody Production.²³

58.Celsius also reported asset balances reported under “USD” within workspaces. For example, within the July 13, 2022, Freeze Report, the Celsius Network Limited (UK) workspace held a negative \$5.7 million USD balance, which the Celsius noted to be a withdrawal of FTX collateral to Fireblocks. This amount was excluded from the analysis below (**Figure 1**), as it represents verifiable crypto that was held in the workspace at the Petition Date.²⁴

²⁰ Celsius - magic wallets.csv.

²¹ Fireblocks, *Fireblocks Key Features & Capabilities*, (last accessed at Sep. 22, 2023) (available at, <https://developers.fireblocks.com/docs/capabilities#:~:text=The%20Fireblocks%20workspace%20is%20a,unique%20security%20and%20transaction%20policies>).

²² Celsius - magic wallets.csv.

²³ Celsius - FREEZE Report_7.13.2022.xlsx.

²⁴ *Id.*

Figure 1 ²⁵

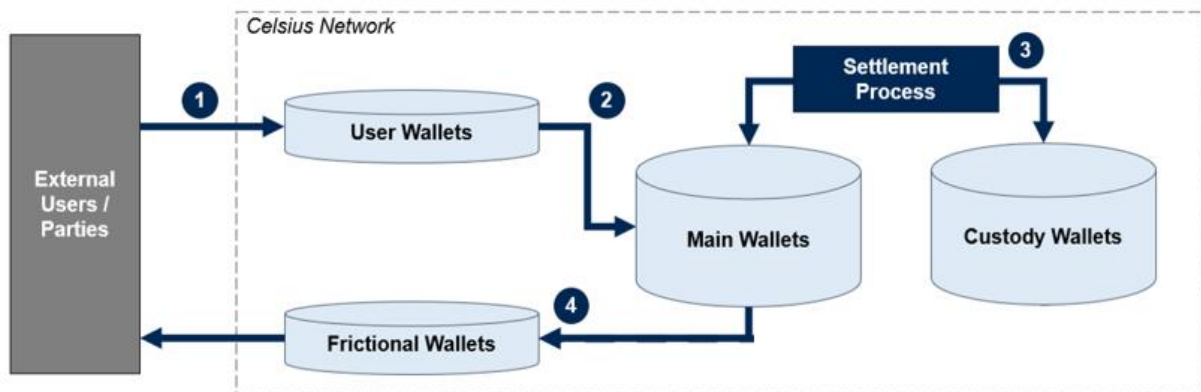
Celsius: Petition Date Assets (\$) & Wallet Count (#) by Workspace (Excl. USD)

Workspace	Wallets (#)	Total Assets at Petition Date (\$)	% of Total
Celsius Network Limited (UK)	5,381	\$1,152,253,324	76.8%
Celsius - Custody Production	2,203	183,357,859	12.2%
Celsius DeFi (US)	427	96,760,081	6.4%
Celsius Network LLC (US)	407	52,774,100	3.5%
Celsius OTC	31	13,784,178	0.9%
Celsius Mining (US)	168	834,370	0.1%
Celsius Network EU UAB (LT)	38	670,524	0.0%
Celsius Network Finance	157	13,623	0.0%
Unknown	4	-	-
Celsius - Playground	4	-	-
Total	8,820	\$1,500,448,058	100.0%

59. To deposit onto the Celsius platform, retail customers would transfer cryptocurrency to an individual Celsius wallet that was unique to that user. The coins from that individual's user wallet would then be swept into and pooled in the Company's main wallets on a regular basis. Once in a main wallet, there was no segregation of customer and corporate funds. Institutional clients would establish "white-listed" wallet addresses that the company could interact with directly from the company's main omnibus wallets.

Figure 2

Simplified Flow of Funds from Users to Celsius



60. At times there would be a shortfall in Celsius's assets relative to its liabilities. This was the case on the Petition Date.²⁶ Celsius also maintained Frictional Wallets, from which withdrawals were funded, and as needed the Frictional Wallets were replenished from the main

²⁵ Celsius - FREEZE Report_7.13.2022.xlsx; Celsius - magic wallets.csv.

²⁶ Celsius - FREEZE Report_7.13.2022.xlsx.

omnibus wallets. Frictional wallets were used to hide the identity of Celsius’ main wallet for security concerns.

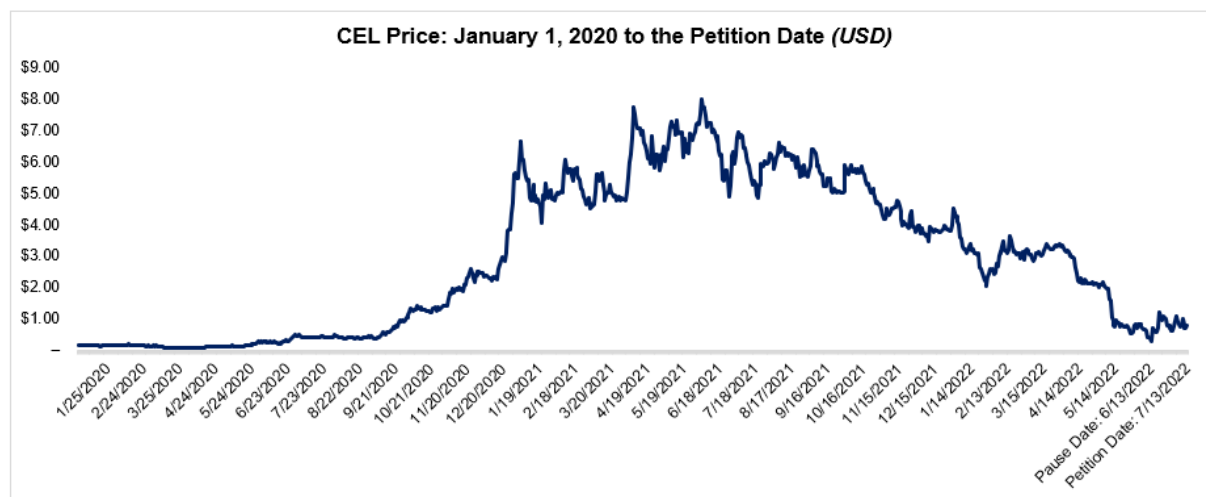
61. In addition to the main omnibus wallets, Celsius also created the Custody workspace and wallets to enable its Custody product in April 2022. This workspace was used to reserve assets backing custody customer liabilities, and on a regular (typically daily) basis, assets in the Custody wallets were reconciled with custody liabilities, and if needed, coins were moved between the main omnibus and Custody wallets so the assets in the custody wallet met or exceeded custody liabilities.

62. For my analysis, I understand the “Celsius – Custody Production” workspace housed assets reserved for customers’ Custody product balances, and were not freely deployable by Celsius. Aside from the “Celsius – Custody Production” workspace, the remaining assets were available for Celsius to deploy to earn yield (referred to in this report as the “Deployment Wallets”).

d. CEL Token Price Over Time

63. Below is a chart showing the price of the CEL Token from 2020 through the Petition Date.

Figure 3 ²⁷



e. Celsius CEL Token Market Share Over Time

64. The company relied on “Freeze Reports” to manage its crypto assets and liabilities. The Freeze Report was a spreadsheet that was regularly updated with company-reported figures for

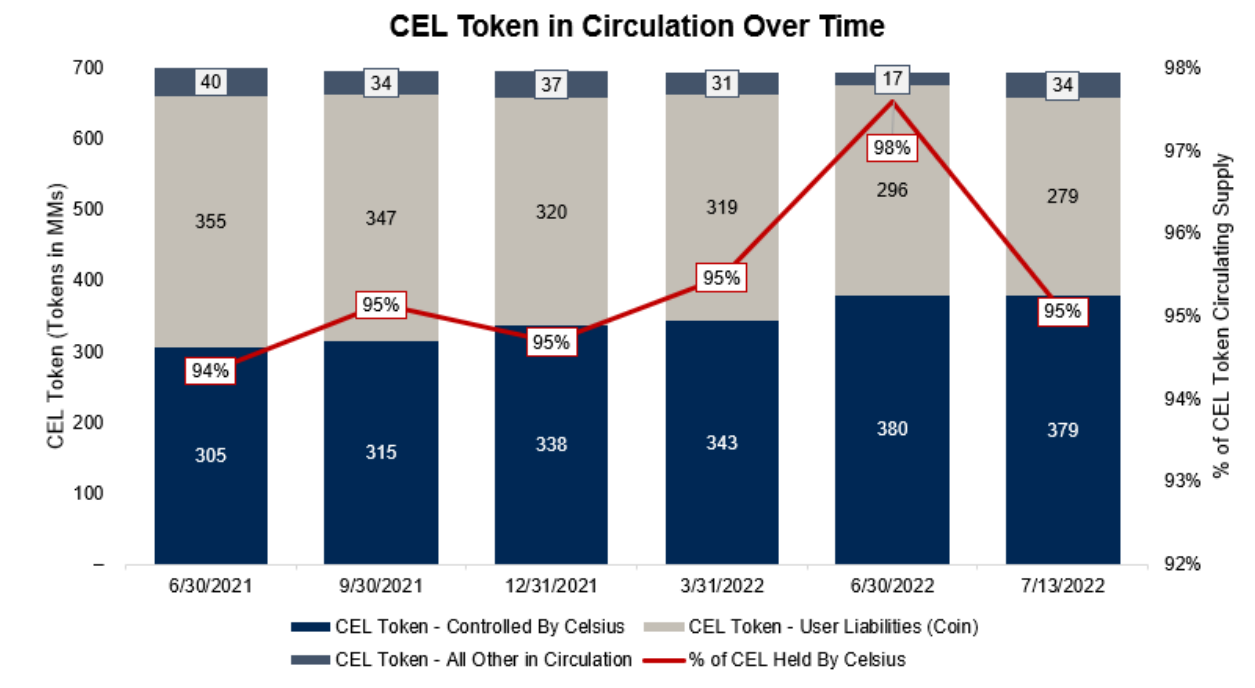
²⁷ See CryptoCompare, available at <https://www.cryptocompare.com/>.

various asset and liability categories such as liquid crypto, deployed assets, loans, etc. My team reviewed these Freeze Reports provided by the Company to determine the CEL Token balance of the Company at various points in time, against data from publicly available sources regarding the total CEL balance, taking into account burn data provided by the Company to arrive at a net CEL amount outstanding.

65. From February 2019 to June 2022, Celsius burned, or removed from circulation, approximately 7.3 million CEL Token. As of the Petition Date, the total CEL Token within circulation was approximately 693 million, calculated by taking the original minting of 700 million tokens and subtracting the cumulative burned amount.²⁸

66. Using these data sources, we summarized the CEL Token quantity over time in three categories: CEL Token related to user account balances (which in the ordinary course could be withdrawn and traded for other tokens), CEL Token assets held by Celsius in excess of its user liabilities (“treasury CEL”), and CEL Token with third parties independent of Celsius. Between June 2021 and June 2022, Celsius held approximately 95% or more of the total CEL Tokens in circulation.²⁹

Figure 4

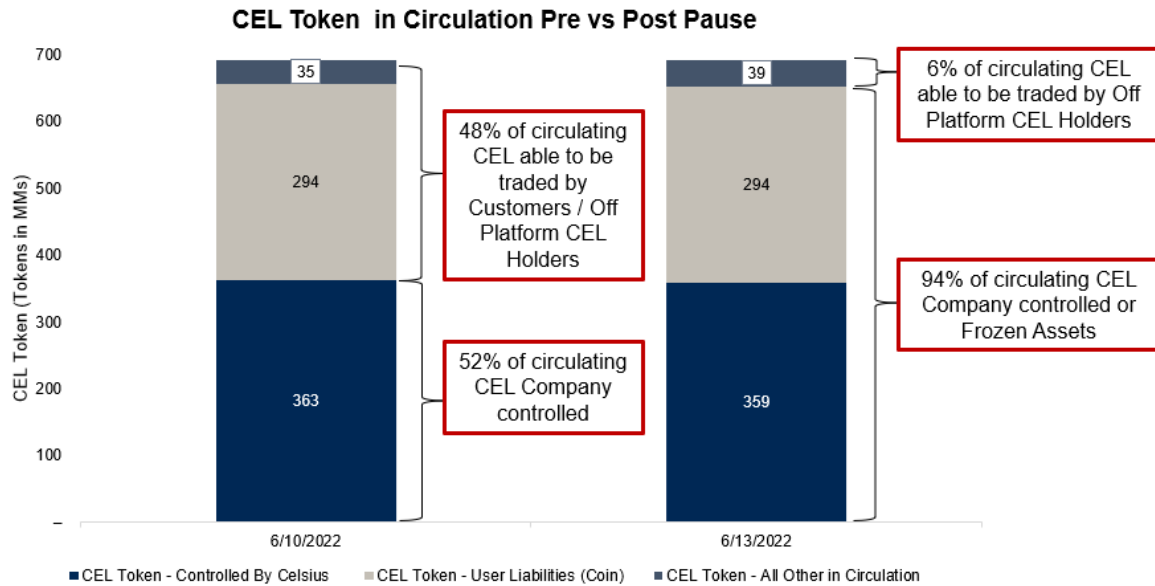


²⁸ Celsius - CEL Token Burn Data_11.02.2022.xlsx..

²⁹ Celsius - FREEZE Report_7.13.2022.xlsx.

67. Prior to the Pause, users were able to withdraw and trade their CEL token, so the effective market being tokens with third parties plus user liabilities on the Celsius platform. When Celsius implemented the Pause, user CEL balances of 294 million CEL Tokens were locked on the platform and unable to trade. This drastically reduced the potential circulating supply of CEL token, leaving only tokens already on third-party platforms available to trade.³⁰

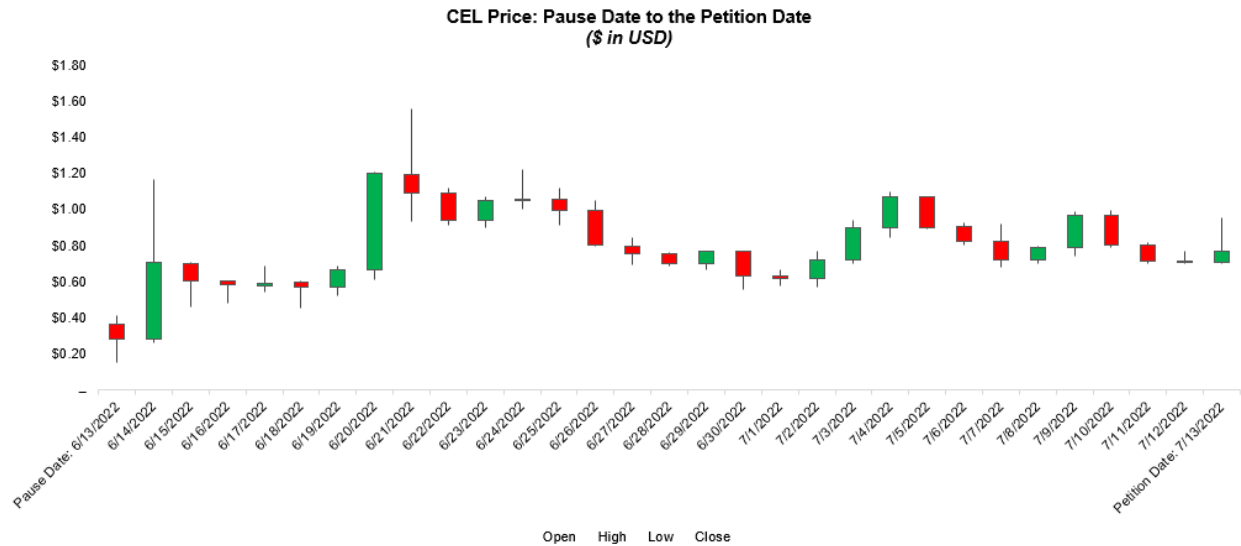
Figure 5



68. Below is a chart showing the price of the CEL Token from the Pause Date to the Petition Date.

³⁰ Celsius - FREEZE Report_6.13.2022.xlsx.

Figure 6 ³¹



69. On July 13, 2022, Celsius Network LLC and its affiliated debtors filed voluntary petitions for relief under chapter 11 of the United States Code.

D. Methodology

1. General Data and Methodology

70. To determine which CEL Token transactions were conducted by Celsius and its insiders, my team and I used Excel files provided by Celsius containing the list of wallet addresses belonging to Celsius, Celsius insiders, and various Celsius counterparties. As an extra precaution, we compared the list of wallet addresses provided by Celsius against wallet attributions we had made through our own analysis and found no inconsistencies.

71. Once these wallets were identified, Elementus used the data provided by Celsius to review the transactions on the blockchain conducted by these wallet addresses, similar to looking at the account statement of a bank account. Elementus verified every transaction conducted on the blockchain by these wallets, rather than taking a small sample.

2. Volatility Methodology

72. To analyze the volatility of the CEL Token, my team and I used pricing data from Kaiko. Volatility was determined via pricing data from Kaiko Data ("Kaiko"). Kaiko is a third-party data provider that provides cryptocurrency market data, including historical pricing and other

³¹ See CryptoCompare, available at <https://www.cryptocompare.com/>.

data feeds from decentralized and centralized exchanges. We analyzed CEL Token's volatility over the periods from January 2022 to the Pause, and from the Pause to the Petition Date.

73. We also used Kaiko to compare CEL Token's volatility with the volatility of BTC and ETH, as major cryptocurrencies, and FTT and HEX as alt coins (cryptocurrencies other than BTC and ETH), which could be viewed as more comparable to CEL Token.

3. Bid-Ask Spread Methodology

74. To determine the bid-ask spread of CEL Token transactions, my team and I compared the period between the Pause and the Petition Date with the period from January 2022 to November 2022. We reviewed historical data from Kaiko regarding trades on the FTX Exchange, as FTX was the most liquid exchange on which CEL Token was traded.

75. We analyzed Celsius's market-making agreement with Wintermute, and then compared the historical spreads to the market-making agreement. The guidance in the agreement was to maintain spreads of 1% to 5%. Elementus was unable to verify that the desired spread was maintained or enforced during the life of the Wintermute market-making agreement.

76. There was no direct mention of CEL Token in the Wintermute market-making agreement, but the agreement used BTC and ETH as representative spreads.

77. Our analysis revealed that Wintermute traded CEL Token on FTX. It withdrew CEL Token from FTX between the Pause and the Petition Date.

4. Volume Methodology

78. To determine CEL Token's trading volume, my team and I used FTX data from Kaiko. We relied solely on FTX data because it was the primary market for CEL Token, and had more liquidity and volume than any other trading venue for CEL Token.

79. In testing for price manipulation, we looked for signals that Celsius's actions had a statistically significant impact on CEL Token's price. We asked (1) whether Celsius's purchase activity affected CEL Token's price, (2) how large Celsius was compared to other traders in the CEL Token market, and (3) whether Celsius's trading activities were consistent with its intent stated in its whitepaper and other public statements.

5. CEL Token Buybacks

80. To validate the amount of CEL Token purchased by Celsius, my team and I first identified the exchanges where Celsius purchased CEL Token by looking at the addresses provided by the Company, reviewing the transactions on the blockchain, and identifying the counterparty using our attribution system and associated network of identified wallets. The

results of our analysis were within 20% of the total CEL Token transactions reflected as purchased by Celsius in its books and records, and within 8% of the total dollar value of such transactions.

81. By examining the wallet lists sent by Celsius, and through discussions with Celsius employees, my team and I were able to identify the wallets that were used by the Company to receive the CEL Tokens that were purchased. As discussed above, transfers of cryptocurrency by customers to Celsius were received in individual bridge wallets associated with each individual customer. Thus, by limiting the universe of wallets to only Treasury wallets and other Celsius wallets that were used to receive corporate CEL Token purchases, we were able to ensure that no customer transfers of CEL token were included in our analysis.

82. Celsius provided its records related to CEL Token transactions to Elementus. Once Elementus had independently mapped Celsius' CEL Token transactions using the blockchain, we reviewed Celsius's records of all its CEL Token purchases and sales. Elementus was able to reconcile these records with on-chain transactions, including comparing underlying transactions reported as executed via decentralized and centralized exchanges with the actual crypto volumes sent to or received from those exchanges.

6. OTC Transactions

83. Celsius provided Elementus with a file that showed all OTC transactions.³² That file separated transactions by OTC transactions with third-party customers and OTC transactions with employees. The OTC files included instances where Celsius had acted as both a buyer and seller of the CEL Token.

84. Certain *pro se* creditors in these Chapter 11 Cases, including Santos Caceres and former employee Zachary Wildes, provided additional information to the Committee regarding Celsius' OTC sales. Elementus reviewed that information and compared it to the records provided by Celsius regarding OTC sales.

7. Celsius Internal Documents

85. During the course of my work in conducting the analysis set forth in this Report and throughout the Committee's investigation of Celsius, I was provided with documents by counsel for purposes of having Elementus verify the transactions reflected in such documents or conduct other analyses relating to those documents, such as tracking sales and purchases of CEL Tokens and other cryptocurrency by certain of Celsius' pre-petition officers and directors.

³² Celsius - CEL OTC Transactions.xlsx.

86. After I conducted my primary analysis with respect to this Report, I requested that counsel provide me and my team with access to their Relativity system, which I understand contains all of the documents produced by the Debtors in these Chapter 11 Cases, including all documents produced to regulators in connection with their investigations of Celsius. I worked with counsel to develop natural word language search terms designed to capture all relevant documents related to CEL Token purchases and sales by the Company. Members of my team then reviewed the universe of those search results to determine whether there were any alternative explanations for the data we were observing. My team and I reviewed thousands of documents; the Bates numbers of the documents that we relied on in constructing this Report are attached hereto as Exhibit B.

8. Analysis of Data from FTX

87. As part of these Chapter 11 Cases, the Committee also issued a subpoena to the FTX debtors that asked for information regarding ten wallets that my team and I identified as engaging in unusual and suspicious behavior.³³ Specifically, between the Pause and the Petition Date, ten wallets conducted 947 transactions and moved 15% of the total CEL Token volume, even though those 947 transactions only accounted for 3% of the volume of the transactions.

88. My team and I were provided with documents and information obtained from that subpoena, which we reviewed and analyzed, along with internal data sets and public data, for evidence of price manipulation.

89. Based on our review and analysis, my team and I have not been able to determine that the FTX debtors and/or users on the FTX exchange manipulated the price of CEL Token.

90. I understand that certain creditors and other parties in these cases have indicated that there were significant short positions opened on the FTX exchange in the period from before the Pause to after the Petition Date. The FTX debtors also produced information showing borrow positions on the FTX exchange from May 1, 2022 to the Petition Date, as well as information with respect to the accounts that placed those short positions, which are discussed in further detail in this Report.

E. Opinions

91. Based on the review and analysis that I performed with my team, as described above, I have developed the following opinions in this matter:

1. Opinion One: The Company's prepetition purchases of CEL Token (1) greatly exceeded the amount of CEL Token that Celsius paid in interest and sold

³³ See Notice of Subpoenas Directed to and Served Upon the FTX Debtors dated May 15, 2023 [Dkt. No. 2642].

through its OTC desk and (2) were not consistent with the Company's stated practices related to the purchases of CEL Token.

92. Purchasing CEL Token to make interest payments to customers who elected to Earn in CEL Token was a part of Celsius's business model. Celsius told customers that the amount of CEL Token it purchased was determined by the amount of customers who elected to Earn in CEL Token. That was demonstrated by the CEL Token Flywheel that Celsius used to pitch its business model, and many public statements by Celsius's founder and CEO Alex Mashinsky.

93. I understand that Mr. Mashinsky held weekly live video broadcasts called "Ask Mashinsky Anything" or "AMAs." In an AMA on June 19, 2020, Mr. Mashinsky mentioned that Celsius would be buying almost 100% of interest owed to customers from the markets.³⁴ Similar statements were made several times by Celsius, including on October 2, 2020, when Alex Mashinsky stated that weekly rewards were 100% purchased on the market.³⁵ Similarly, on January 7, 2022, Mr. Mashinsky stated that "Celsius does not decide how many CEL tokens to buy, and then how many of the to burn. You guys decide."³⁶ Additionally in a March 19, 2021 AMA, Mr. Mashinsky stated that "we obviously want CEL Token to go higher in price but we don't control it. It's not like we are the invisible hand that controls the pricing here or anything like that."³⁷

94. However, the data shows that throughout the life of the CEL Token buyback program, Celsius routinely purchased millions of dollars more in CEL Tokens than it paid in rewards or sold through its OTC Desk. This big picture trend is a clear indication that Celsius was affecting the market price of CEL Token through its buyback far more than it was advertising to the public.

95. Celsius provided data of CEL Token buybacks, interest, and rewards on a weekly basis, as well as OTC trades occurring in 2020-2022. My understanding is that the interest data represented CEL Tokens given to customers as interest payments (which were also referred to as "rewards" throughout this Report). I excluded CEL Tokens which were given to customers as bonus tokens, promo code rewards, referred awards, and referral rewards from my analysis.

96. Certain *pro se* creditors have suggested the company's excess buybacks could be explained by OTC activity. I evaluated Celsius' records of its OTC transactions and information

³⁴ Celsius Network, *Ask Mashinsky Anything – Friday, June 19, 2020*, YouTube (Jun. 19, 2020), <https://www.youtube.com/watch?v=YrGcsAID3cM> [11:45].

³⁵ Celsius Network, *Celsius AMA – Ask Mashinsky Anything – Friday, October 2*, YouTube (Oct. 2, 2020), <https://www.youtube.com/watch?v=HpTDWR7fnas>, at [1:02:47].

³⁶ Celsius Network, *Celsius AMA – Ask Mashinsky Anything*, YouTube (Jan. 7, 2022), <https://www.youtube.com/watch?v=6631ORa2v4M>, at [41:50].

³⁷ Celsius Network, *Celsius March Madness – Business Development AMA (March 19, 2021)*, YouTube (Mar. 19, 2021), <https://www.youtube.com/watch?v=JIELwjvdYcc>, at [1:04:38].

provided by certain *pro se* creditors to compare whether Celsius' buybacks approximated the interest paid to customers and net CEL tokens purchased through the OTC desk. They did not. From 2020-2022, the company spent more than \$128 million purchasing CEL Tokens than can be attributed to interest paid and net CEL Token sold through OTC trades. A monthly breakdown of purchases, interest, and OTC transactions is included in **Appendix 2**. The chart below shows those figures on an annual basis.

Figure 7 ³⁸

Celsius: Historical Buybacks vs. Interest and OTC Transactions (\$)

Year	(a) Company Buybacks (\$)	(b) Interest (\$)	(c) Net OTC (\$)	(a) - (b) - (c) Difference (\$)
2020	\$46,262,237	\$16,566,932	\$42,716,493	(\$13,021,188)
2021	388,052,265	144,793,277	106,000,368	137,258,621
2022	70,742,060	54,502,664	12,084,330	4,155,066
Total	\$505,056,563	\$215,862,873	\$160,801,191	\$128,392,499

Celsius: Historical Buybacks vs. Rewards and OTC Transactions (#)

Year	(a) Company Buybacks (#)	(b) Interest (#)	(c) Net OTC (#)	(a) - (b) - (c) Difference (#)
2020	41,556,722	29,515,629	23,265,019	(11,223,926)
2021	67,182,206	26,617,222	20,723,435	19,841,549
2022	28,983,019	28,760,630	6,953,541	(6,731,152)
Total	137,721,948	84,893,481	50,941,995	1,886,47_

97. To test the accuracy of Celsius's records of weekly buybacks, my team compared the Celsius' data with on-chain transactions. We conducted an analysis of the blockchain to capture all on-chain coin movements among Celsius, FTX, and Liquid, using our attribution process to identify FTX and Liquid wallets. This analysis shows that between January 2020 and July 2022, the company net received 179 million CEL Token from FTX and Liquid wallets, as opposed to 138 million CEL Tokens reported in the company's buyback records. To be conservative, I relied on the smaller number of buybacks reported by Celsius. Using the total coins transferred from on-chain data that we observed on the public block chain would increase the unexplained gap among purchases, rewards, and net OTC sales by the Company.³⁹ In other words, the amount of purchases of CEL Token by the Company is likely higher than set forth in the tables above.

98. Celsius provided a full inventory of all the CEL Token OTC Transactions on September 5, 2023. These OTC transactions were conducted separately from buybacks, in that they were not conducted through third-party exchanges, but rather were direct exchanges between Celsius's OTC desk and individuals or entities. The OTC transactions were conducted not only with customers but also with directors, officers, and employees of Celsius. An OTC Sale represented a transaction where a customer or employee purchased CEL from the OTC trading desk. An OTC Buy represented a transaction where a customer or employee sold CEL to the OTC trading desk.

³⁸ Celsius - Weekly CEL Buybacks and Rewards_2023.3.17.xlsx

³⁹ Celsius - On-Chain Buybacks_9.22.2023.xlsx; Celsius - Weekly CEL Buybacks and Rewards_2023.3.17.xlsx

99. The OTC Sales and OTC Buys were assessed annually on both a dollar value and coin quantity basis for only settled transactions at the customer and employee level. The OTC Sales less OTC Buys total represented the number of net purchases on the OTC desk. Below is a breakdown on an annual basis between dollars and coins transacted on the OTC desk. The Company did not track where it sourced CEL Tokens sold through OTC Transactions. Again, to be conservative, we assumed that Celsius repurchased 100% of the net CEL Tokens sold through its OTC desk from the open market. That was likely not the case. In fact, certain communications by Celsius executives indicate that Celsius may have only repurchased 25-50% of the CEL token sold through its OTC desk.⁴⁰ Again, removing this assumption would only increase the difference in the amount of CEL Token purchased by Celsius compared to the amount paid to customers as interest or sold to customers through the OTC Desk.

Figure 8⁴¹

Celsius Annual OTC Transactions

Celsius: Total Net OTC Transactions (\$)			
	OTC Sales (\$)	OTC Buys (\$)	Difference (\$)
2020	\$60,420,348	(\$17,703,855)	\$42,716,493
2021	270,558,975	(164,558,607)	106,000,368
2022	20,068,999	(7,984,668)	12,084,330
Total	\$351,048,321	(\$190,247,130)	\$160,801,191

Celsius: Total Net OTC Transactions (#)			
	OTC Sales (#)	OTC Buys (#)	Difference (#)
2020	30,035,321	(6,770,302)	23,265,019
2021	53,982,652	(33,259,217)	20,723,435
2022	10,264,276	(3,310,735)	6,953,541
Total	94,282,249	(43,340,254)	50,941,99

⁴⁰ CEL-UCC-00182263 (Slack from Johannes Treutler to Harumi Urata-Thompson and Connor Nolan dated March 21, 2021 stating “The last months we hedged 25-50% of the OTC sales on exchanges, that’s why we bought CEL. A normal OTC desk would buy 100% on exchanges and markets are driven by supply and demand as usual. We only bought 25-50% and put the other 50-75% into our pocket as Cash. We were aware it puts pressure on markets. But as long as we bought at least 25% of the OTC sales back on exchanges we kept markets healthy enough.”)

⁴¹ Celsius - CEL OTC Transactions.xlsx.

Figure 9

Customer and Employee Annual OTC Transactions

Celsius: Total Net Customer OTC Transactions (\$)

	OTC Sales (\$)	OTC Buys (\$)	Difference (\$)
2020	\$60,404,823	(\$12,024,882)	\$48,379,941
2021	270,519,821	(123,212,973)	147,306,848
2022	20,028,999	(6,727,531)	13,301,468
Total	\$350,953,643	(\$141,965,385)	\$208,988,258

Celsius: Total Net Customer OTC Transactions (#)

	OTC Sales (#)	OTC Buys (#)	Difference (#)
2020	30,030,146	(4,307,435)	25,722,711
2021	53,974,775	(26,275,257)	27,699,517
2022	10,249,009	(2,910,880)	7,338,128
Total	94,253,930	(33,493,573)	60,760,357

Celsius: Total Net Employee OTC Transactions (\$)

	OTC Sales (\$)	OTC Buys (\$)	Difference (\$)
2020	\$15,525	(\$5,678,973)	(\$5,663,448)
2021	39,154	(41,345,634)	(41,306,481)
2022	40,000	(1,257,137)	(1,217,138)
Total	\$94,678	(\$48,281,745)	(\$48,187,066)

Celsius: Total Net Employee OTC Transactions (#)

	OTC Sales (#)	OTC Buys (#)	Difference (#)
2020	5,175	(2,462,867)	(2,457,692)
2021	7,877	(6,983,960)	(6,976,083)
2022	15,267	(399,854)	(384,587)
Total	28,319	(9,846,681)	(9,818,362)

100. Celsius also provided a subset of the transaction data for certain directors, officers, and employees of Celsius. Of the \$48 million of CEL Tokens purchased by Celsius' OTC desk from employees, \$29 million of purchases were from the parties whose claims the Debtors and the Committee have proposed to equitably subordinate.⁴²

⁴² The "Equitably Subordinated Parties" are (1) Alexander Mashinsky, (2) Daniel Leon, (3) Hanoch "Nuke" Goldstein, (4) Roni Cohen-Pavon, (5) Harumi Urata-Thompson, (6) Johannes Treutler, and (7) each of their related entities.

Figure 10⁴³

Equitable Subordination Candidates - OTC Buys		
	OTC Buys (\$)	OTC Buys (#)
<u>2020 Transactions</u>		
Nuke Goldstein	\$1,320,000	550,000
Daniel Leon	957,500	550,000
Johannes Treutler	950,000	300,000
Alex Mashinsky	500,000	416,667
Aliza Landes	—	—
Harumi Urata-Thompson	—	—
Roni Cohen-Pavon	—	—
2020 Transactions Total	\$3,727,500	1,816,667
<u>2021 Transactions</u>		
Daniel Leon	\$10,563,750	1,795,790
Johannes Treutler	7,922,941	1,253,278
Nuke Goldstein	2,817,500	475,000
Aliza Landes	1,767,000	340,000
Harumi Urata-Thompson	1,343,859	201,343
Roni Cohen-Pavon	899,330	205,000
Alex Mashinsky	—	—
2021 Transactions Total	\$25,314,380	4,270,411
<u>2022 Transactions</u>		
Roni Cohen-Pavon	\$175,270	51,000
Daniel Leon	—	—
Johannes Treutler	—	—
Nuke Goldstein	—	—
Aliza Landes	—	—
Harumi Urata-Thompson	—	—
Alex Mashinsky	—	—
2022 Transactions Total	\$175,270	51,000
Total	\$29,217,150	6,138,07_

101. Because OTC sales of CEL Token were delivered to user Celsius accounts and not their private wallets, they were not observable on the blockchain until a user transferred their coins off the Celsius platform. Celsius's purchases of CEL Token to fund OTC sales were public and created the appearance that more CEL tokens were being purchased than sold.

102. Based on the above information, it is my opinion that Celsius created demand for the CEL Token by purchasing more CEL Tokens on the open market than it was selling to customers. The amount of CEL Token Celsius purchased, in fact, bears little correlation to the amount sold or earned as interest by customers. Celsius indicated to the public that its purchases

⁴³ OTC transactions data UnMasked - UCC Request Sept 2023.xlsx

were based on customers' decisions to earn interest in CEL Token. I see no evidence that the amount purchase was in any way tied to the decisions of its customers.

103. As part of drafting this Report, I sought to confirm that an alternative explanation for Celsius's CEL Token purchasing patterns did not exist. I was provided with access to the database containing documents produced by Celsius to the Committee. I used keyword searches to isolate discussions between employees regarding purchases of CEL Token.

104. My team and I reviewed thousands of messages between executives and employees of Celsius that directed and executed the CEL Token buyback program. I then reviewed the data provided by Celsius and Blockchain transactions to confirm what I was seeing in the documents was accurate.

105. My review of those documents confirmed my conclusion that Celsius was actively affecting the price of the CEL Token. The conversations also show that Celsius executives and employees were aware that their CEL Token purchasing patterns were having a material effect on the market price of the CEL Token, and that, in fact, they were undertaking strategies specifically to support and increase the price of the CEL Token.

a. Purchasing During AMAs:

106. I reviewed documents demonstrating that Celsius intentionally timed its purchases of CEL Token to coincide with AMA broadcasts with the aim of increasing the market price of CEL Token. The messages demonstrated that executives were aware that potential purchasers would be watching the AMA and the CEL Token price and deliberately sought to purchase tokens to encourage purchases by individuals watching the AMA and the price of the CEL Token. For example, the communication below is an email from Johannes Treutler to Alex Mashinsky and others on June 2, 2020, regarding CEL Token purchases made during one of Mr. Mashinsky's AMA broadcasts. During the AMA, Mr. Treutler sees an automatic program (a bot) selling CEL Token and decreasing the market value. The trader buys as much CEL Token as possible in small, but frequent orders. The trader acknowledged that the community saw the large buy volume during the AMA and his purchases caused the price up by "+50%" after the AMA. While it is not clear from their message which specific AMA was referenced, there was an AMA on May 29, 2020, and in that week Celsius reported purchasing over 682,000 CEL token, all of which is generally consistent with the e-mail exchange.⁴⁴

⁴⁴ CEL-UCC-00067533 (email from Johannes Treutler dated May 31, 2020 ("Short explanation about last week to clarify what happened")).

From:	Johannes Treutler [REDACTED]
on behalf of	Johannes Treutler [REDACTED]
Sent:	6/2/2020 12:11:10 PM
To:	Alex Mashinsky [REDACTED]
CC:	Connor Nolan [REDACTED]; Harumi Urata-Thompson [REDACTED]; S. Daniel Leon [REDACTED]; Waseem Shabout [REDACTED]
Subject:	Re: CEL purchase report

- We made a first small purchase of (82k of the 482k CEL) to test the water a few minutes after the AMA started
- We spotted a CEL seller bot @0.000022&0.000023 BTC whos order refills & adjustments told us he has a finite amount of CEL to sell but enough to depress markets and hold \$CEL down the next days
- We decided to buy as much CEL as we can from him in small but frequent orders, knowing that above this seller were no other large seller anymore
- We did nearly the whole purchase with this one seller
- The moment the seller was done we bought the last few CEL and were also done purchasing before the end of the AMA
- There were now two things we achieved:
 - The invisible sell wall was removed
 - & the community saw a large buy volume during the AMA & was loving the AMA even more
- Now every new buy orders coming in from our community (that was motivated by the awesome AMA) drove the price a bit higher (healthy market reaction)
- We had > \$1,000,000 Trading Volume driving up \$CEL +50% after the AMA

Source: CEL-UCC-00067533

107. This was not an uncommon strategy, and many other documents I reviewed indicate that Celsius traders strategically timed purchase purchases during the Company's AMA in an effort to increase the price during those times.⁴⁵

b. Resting Buy Orders:

108. Many of the conversations that I reviewed demonstrate that Celsius employees were placed resting buy orders to purchase large sales of CEL Tokens and prevent the price of CEL Token from dropping.⁴⁶

⁴⁵ See CELSIUSNETWORK_00768405 at CELSIUSNETWORK_00768409 (Slack from Johannes Treutler dated October 30, 2020 ("If you're watching live and have a few Minutes you should also add some 1k market orders or so... Goal is removing big sell orders and pretending to be lots of people buying xD" Connor Nolan "I understood that dw haha")); CEL-UCC-00181588 (Slack from Johannes Treutler dated May 29, 2020 ("Harumi asked us to schedule the purchase around the AMA today to have a strong effect similar to last week.")); CEL-UCC-00181597 (trader discussing the need to "be a bit more aggressive the next two weeks to support the closed raise and talk about this on AMAs each Friday" and agreeing to start that plan during AMA); CEL-UCC-00181506 (Slack between Harumi Urata-Thompson and Connor Nolan dated May 29, 2020 (discussing CEL price increasing as a result of purchases during AMA with one trader noting "after this week, it was reasonable to assume that if we did this again and with even larger buy we could [sic] have seen this.")); CEL-UCC-00198973 (Email from Johannes Treutler dated May 30, 2020 (acknowledging CEL weekly purchase occurred during AMA)).

109. A buy order is an order to buy a specified amount of a financial asset at or below a specified price. A resting buy order is a buy order that has not yet been executed because the market price remains above the price of the buy order. A resting buy order can be seen by all people seeking to trade the token. If the amount of the resting buy order is large, it can act as a psychological “floor” for the token’s price. Traders may interpret this as a strong level of demand for the token, potentially attracting more buying in the market and dissuading would-be sellers.

110. My review of certain of the chats between the Celsius traders show that they would place resting buy orders to specifically purchase large sales of CEL Token. Certain of those buy orders were placed during Celsius’s live AMAs with the stated intent to keep the price up and encourage customers to purchase CEL Token during those broadcasts, as explained above.⁴⁷

111. The Celsius traders would also place resting buy orders to stabilize the prices when Mr. Mashinsky was selling CEL Tokens through his private wallets.⁴⁸

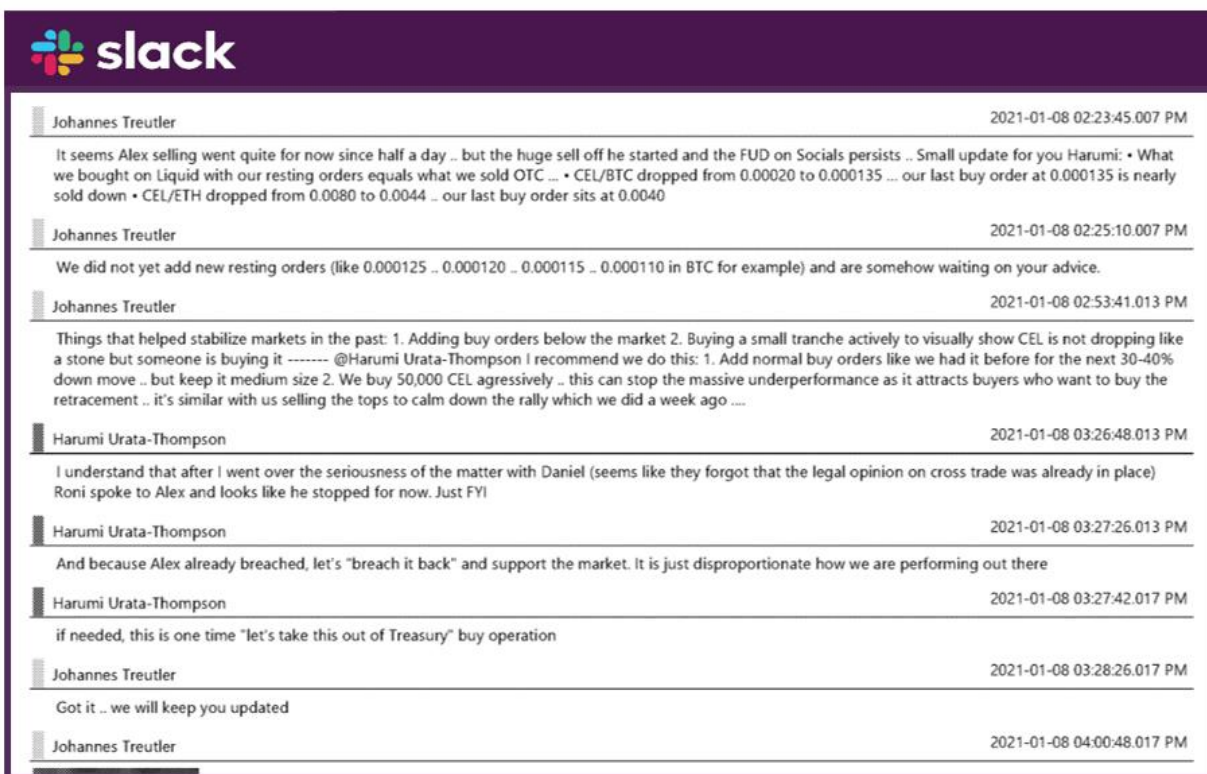
112. I examined certain internal communications between Celsius employees that reference particular sales by insiders and contemporaneous purchases of CEL Token by Celsius, often through resting buy orders. My team and I then looked on the blockchain to verify that these transactions occurred. A number of the transactions we verified showed Mr. Mashinsky selling his personal CEL Token holdings into the Celsius’s resting buy orders, meaning that Celsius’s buy order would automatically be triggered by the drop in the token’s price resulting from Mr. Mashinsky’s sales and prevent those sales from affecting the price of CEL Token.

⁴⁶ Examples of documents I reviewed that demonstrated Celsius placed resting buy orders include, but are not limited to: CEL-UCC-00181506 (Slack between Harumi Urata-Thompson and Connor Nolan dated May 29, 2020 (establishing plan for below market buy orders and then gradual buy backs)); CELSIUSNETWORK_03633632 (Slack from Johannes Treutler dated October 18, 2020 (“I asked [trader] like usual to add resting orders on Liquid at 20-50% below the current price . . . these low resting orders he will add are not made to get filled, just to be there and rest[.]”)); CEL-UCC-00278142 (Slack from Harumi Urata-Thompson dated January 4, 2021 (“We have resting orders below and began to do above also”)); CEL-UCC-00336290 (Slack between Alex Mashinsky and Johannes Treutler dated January 3, 2021 (Mashinsky instructing to pay all CEL interest from treasury until further notice because increasing price of CEL. Treutler notes “I promise you we do not buy actively yet. We only have resting orders that the market is slowing selling into while CEL price in ETH & BGTC is dropping.”)); CEL-UCC-00277890 at CEL-UCC-00277896 (Slack from Johannes Treutler dated September 24, 2020 (“The last weeks we try to have a mit [sic] least the value of 2 weekly CEL purchases parked in resting CEL Buy orders that are 5..10..15..20..25..30..35..40% below the current price.”)).

⁴⁷ See e.g., CELSIUSNETWORK_03633632 at CELSIUSNETWORK_03633633 (Slack from Johannes Treutler dated October 18, 2020) (“I asked [trader] like usual to add resting orders on Liquid at 20-50% below the current price . . . these low resting orders he will add are not made to get filled, just to be there and rest[.]”).

⁴⁸ See e.g., CEL-UCC-00278151 at CEL-UCC-00278159 (Slack from Johannes Treutler dated January 7, 2021 (“Meanwhile OTC business goes down, more and more community members reaching out to sell as they can see CEL dropping like a stone from one of our resting orders to the next . . . ”)).

113. For instance, on January 8, 2021, Johannes Treutler (the then individual in charge of CEL Token purchases) spoke to Harumi Urata-Thompson about recent sales by Mr. Mashinsky and strategies he had previously used to “stabilize markets in the past,” including resting buy orders and strategically timed purchases.⁴⁹



Source: CEL-UCC-00196126

114. Using that message as a reference point, my team verified that on January 3, 2021, one million CEL Tokens valued at over \$6 million were transferred from a Celsius wallet to one of Mr. Mashinsky’s private wallets.⁵⁰ Four hours later, Mr. Mashinsky started swapping these CEL Tokens for other coins on the Uniswap exchange, and continued to do so over the course of the month of January.⁵¹ The price of CEL Token declined from \$6.49 per token to \$4.92 per

⁴⁹ CEL-UCC-00196126 (Slack between Johannes Treutler and Harumi Urata-Thompson dated January 8, 2021). Other instances of traders responding to market decreases caused by Alex Mashinsky’s timed sales of CEL include CEL-UCC-02110834 (Slack from Johannes Treutler dated October 15, 2020 (“Alex is the biggest seller by far and depressing the market... This situation causes that I need to ask you to allow us again putting 50% of OTC proceeds into markets as we already did the whole weeks CEL purchase the last days totally under fire from the CEL sales of Alex [...] We tried our best to spend as less money as possible but .. yeah his selling is causing other selling and in sum.. you know .. I’m concerned.”)).

⁵⁰ Etherscan Transaction Data, <https://etherscan.io/tx/0xf8dae3b3226db2d8261c3759bf4eec7affa07ff54d51958be498ecdf2e8c2917>.

⁵¹ Mashinsky_Trades_corrected.xlsx

token in the 30 days following the one million CEL Token transfer to Mr. Mashinsky.⁵² My team verified that Celsius bought back over \$28 million worth of CEL token in January 2021.⁵³

115. In this Slack exchange, Ms. Urata-Thompson's writes "And because Alex already breached, let's 'breach it back' and support the market. It is just disproportionate how we are performing out there."⁵⁴

116. In my opinion, the data coupled with these communications demonstrates that Celsius was purchasing CEL Tokens to prevent the drop in price caused by Mr. Mashinsky's sales of the same.

c. Celsius's Internal Communications Are Consistent with the Impact Celsius's Actions Had on the CEL Token Price

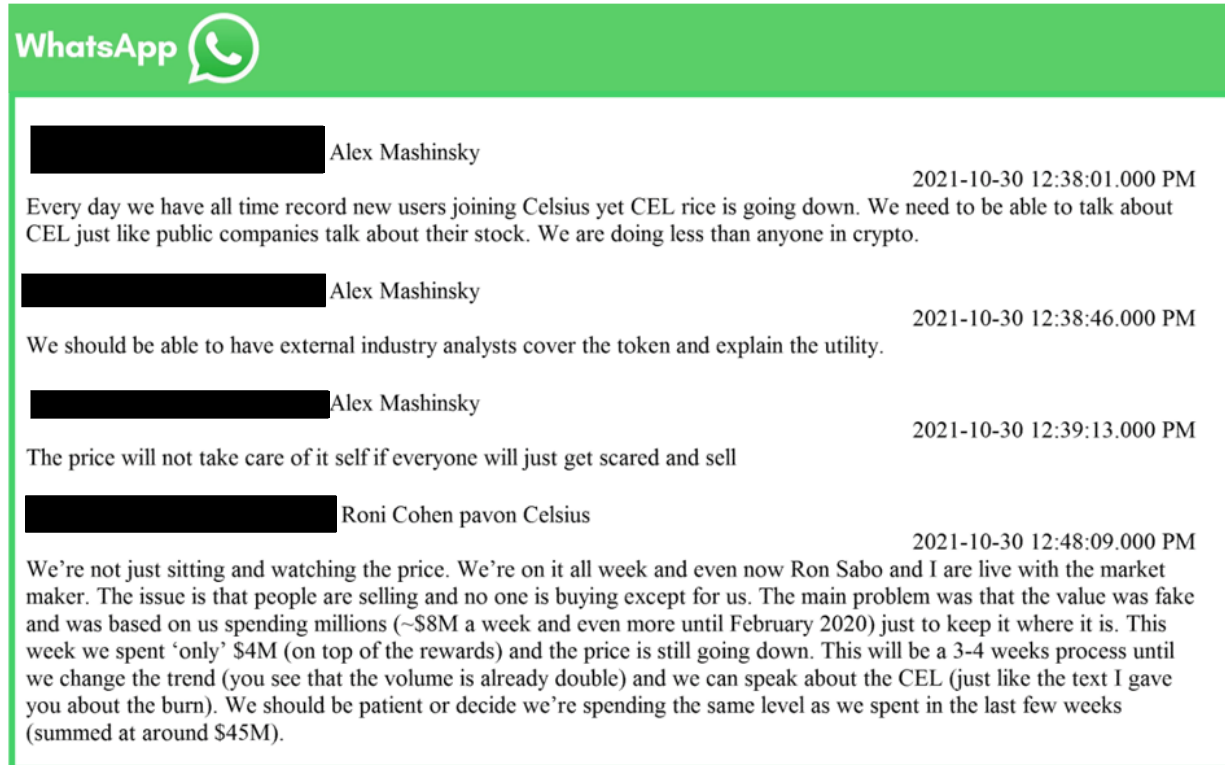
117. Certain of the messages I reviewed demonstrate that executives knew that Celsius was purchasing more CEL Token than were required to pay interest. For example, messages between former CEO Alex Mashinsky and then-Chief Revenue Officer Roni Cohen-Pavon demonstrated intentional purchasing of CEL when the market had no active buyers.⁵⁵ Mr. Cohen-Pavon further acknowledged that the value of CEL was "fake" and based on the company "spending millions (~\$8M a week and even more until February 2020) just to keep it where it is."

⁵² Etherscan, *Token Celsius (CEL)*
<https://etherscan.io/token/0xaae6fe48e54f431b0c390cfaf0b017d09d42d#tokenAnalytics..>

⁵³ See **Appendix 1**.

⁵⁴ CEL-UCC-00196126 (Slack between Johannes Treutler and Harumi Urata-Thompson dated January 8, 2021).

⁵⁵ CEL-UCC-01693371 (Slack between Alex Mashinsky and Roni Cohen Pavon dated October 30, 2020).




Source: CEL-UCC-01693371

118. My team was able to verify this based on the buyback information provided by Celsius, the average weekly buybacks from September 19, 2021, to October 30, 2021, were approximately \$8.5 million.⁵⁶

119. Communications between Mr. Mashinsky and Mr. Cohen-Pavon on December 10, 2021 reflect that at one point Celsius bought 23 million tokens more than what was necessary to pay interest, even after accounting for the OTC desk sales.⁵⁷

⁵⁶ Celsius - Weekly CEL Buybacks and Rewards_2023.3.17.xlsx.

⁵⁷ CEL-UCC-00884542 at CEL-UCC-00884544 (Slack from Roni Cohen Pavon dated December 10, 2021).

WhatsApp 

[REDACTED] Roni Cohen pavon Celsius 2021-12-10 08:39:43.000 PM

So we bought 23M extra tokens

[REDACTED] Roni Cohen pavon Celsius 2021-12-10 08:39:43.000 PM

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	BUY	SELL	NET
FTX CEL	25,530,514.40	-1,105,008.50	24,425,505.90
FTX CNC	39,807,249.60	-7,274,300.10	32,532,949.50
FTX Kairon 2	5,988,414.70	-56,744.30	5,931,670.40
FTX Kairon	189,809.80	-21,513.70	168,296.10
OTC Desk	19,455,365.84	-53,650,463.59	-34,195,097.75
OTC Employees	6,651,550.62	-45,154.00	6,606,396.62
Liquid	12,421,869.28	-27,500.00	12,394,369
Total	110,044,774.24	-62,180,684.19	47,864,090.05
4.03	443,480,440.20	-250,588,157.29	192,892,282.91

[REDACTED] Roni Cohen pavon Celsius 2021-12-10 08:39:43.000 PM

044aac91-9372-4061-b1dc-62131df7e988.jpg

CEL on CEL total interest	11,932,760.49
CEL on others total interest	12,866,396.39
Total CEL interest	24,799,156.88

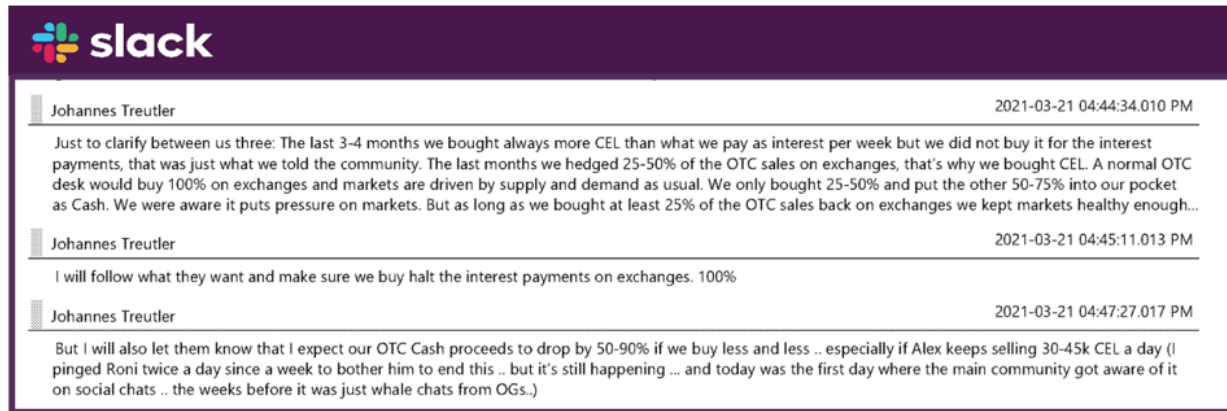
[REDACTED] Roni Cohen pavon Celsius 2021-12-10 08:39:44.000 PM

not net, just buy side.

Source: CEL-UCC-0884542

120. The communications I reviewed also demonstrate that Celsius executives knew the impact Celsius' purchases had on the price of CEL Token. For example, in one Slack message that I reviewed, Johannes Treutler admitted that over a three-to-four month period Celsius "bought always more CEL than what we pay as interest per week but we did not buy it for the interest payments, that was just what we told the community."⁵⁸

⁵⁸ CEL-UCC-00196135 (Slack from Johannes Treutler dated March 21, 2021).



Source: CEL-UCC-00196135

121. Company data on buybacks and CEL Token interest paid confirms that was accurate. Specifically, as demonstrated in the table below, in the four months prior to the message Celsius purchased approximately \$62 million more CEL Token, or approximately 18 million more CEL Tokens than it paid to users in interest.⁵⁹

Figure 11⁶⁰

Celsius: Historical Buybacks vs. Interest (\$)

Month	(a) Company Buybacks (\$)	(b) Interest (\$)	(a) - (b) Difference (\$)
Nov-20	\$17,830,024	\$3,458,002	\$14,372,023
Dec-20	13,127,627	4,670,222	8,457,405
Jan-21	28,491,288	10,722,531	17,768,757
Feb-21	31,594,342	10,028,046	21,566,296
Total	\$91,043,281	\$28,878,801	\$62,164,480

Celsius: Historical Buybacks vs. Interest (#)

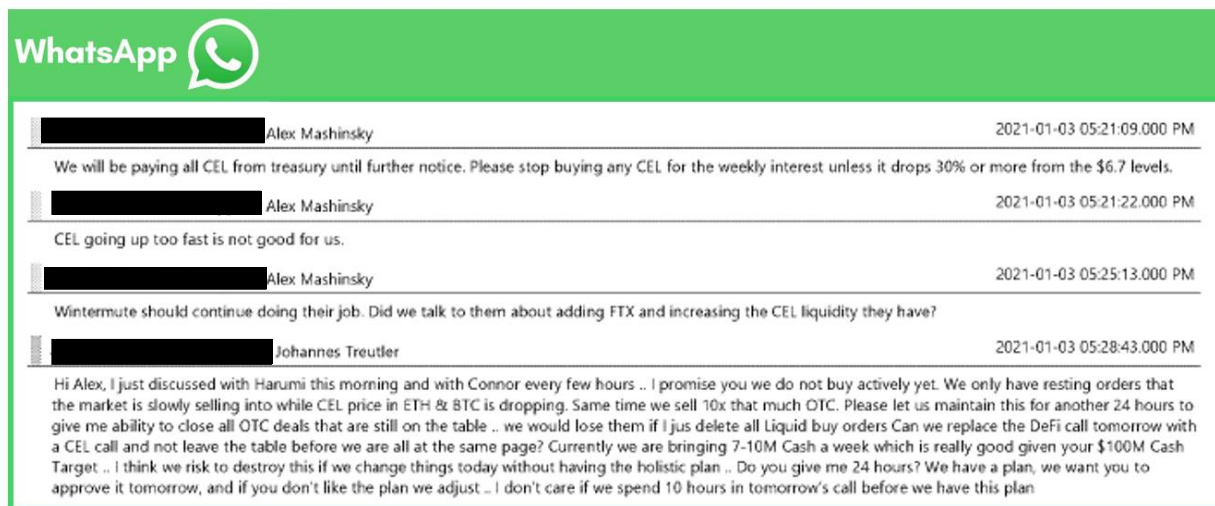
Month	(a) Company Buybacks (#)	(b) Interest (#)	(a) - (b) Difference (#)
Nov-20	8,554,416	1,708,165	6,846,251
Dec-20	4,744,829	1,707,889	3,036,940
Jan-21	5,866,507	2,103,100	3,763,407
Feb-21	5,925,891	1,863,048	4,062,843
Total	25,091,644	7,382,203	17,709,441

122. Based on the above, it is my opinion that the Company actions were consistent with a strategy to increase the price during that period. That included purchasing more CEL Token than was required to pay rewards to customers or fulfill sales through Celsius's OTC desk. Celsius's efforts had the intended effect of creating demand that caused the price of the CEL Token to increase.

⁵⁹ Celsius - Weekly CEL Buybacks and Rewards_2023.3.17

⁶⁰ Celsius - Weekly CEL Buybacks and Rewards_2023.3.17.xlsx

123. Celsius's purchases were not consistent with its public messaging that it was only purchasing enough CEL Token to satisfy its rewards obligations to customers electing to Earn in CEL Token, and not affecting the price of the token through creating artificial demand or using its treasury to satisfy rewards obligations. In fact, communications demonstrated that at times Celsius stopped purchasing CEL for weekly interest when CEL price increased and relied on its treasury.⁶¹



Source: CEL-UCC-00336290

124. Based on the buyback information provided by Celsius, during the week from January 3, 2021 to January 9, 2021, Celsius bought approximately \$357,000 of CEL Tokens, which compared to \$6.7 million in the week prior.⁶² However, during the week from January 10, 2021, to January 16, 2021, Celsius purchased \$2.4 million of CEL Tokens, resuming its normal buyback behavior.⁶³

125. Due to the fact that Celsius purchased CEL Token on centralized exchanges and sold CEL Token or provided it to users as rewards on its own ledger, it was not possible for a market participant or investor in CEL Token to know the true extent that Celsius was purchasing CEL Token.

126. Consequently, it is my opinion that Celsius's concerted actions artificially inflated the value of CEL Token prior to the Petition Date. The market never accurately reflected the true value of CEL Token.

⁶¹ CEL-UCC-00336290 (Email from Alex Mashinsky dated January 3, 2021: “[w]e will be paying all CEL from treasury until further notice. Please stop buying any CEL for the weekly interest unless it drops 30% or more from the \$6.70 levels.”)

⁶² Celsius - Weekly CEL Buybacks and Rewards_2023.3.17.xlsx.

⁶³ Celsius - Weekly CEL Buybacks and Rewards_2023.3.17.xlsx.

127. The last purchase of CEL token by Celsius under the Sell Repurchase Program occurred on May 12, 2022. A Slack message from Mr. Mashinsky that day sums up his motivations for ordering the purchase: “let’s defend CEL here so we don’t loose [sic] all our users.”⁶⁴ Between May 15, 2022 and July 30, 2022, the Company continued to make one-off CEL purchases totaling 4.3 million CEL Tokens while selling 3.5 million CEL Tokens, for a net purchase of 780,000 CEL Tokens. After the Pause, on June 12, 2022, and up to July 30, 2022, the Company purchased 1.4 million CEL Tokens and sold 1.4 million CEL Tokens, for an aggregate net sale of 36,000 CEL Tokens.⁶⁵

2. Opinion Two: The market price of CEL Token calculated by the Debtors in the Petition Date Price Notice is not an accurate indication of the value of CEL Token on the Petition Date.

128. The Debtors filed a notice reflecting the Debtors’ view of the conversion rate of all cryptocurrency listed in the Debtors’ Schedules of Assets and Liabilities to United States Dollars as of the Petition Date.⁶⁶

129. The Debtors explained that they used pricing feed such as Coingecko, CoinPaprika, or their own proprietary pricing engine (“CPS”) to determine the price of the applicable cryptocurrency as of 8:10 p.m. prevailing Eastern Time on July 13, 2022 (*i.e.* approximately the time the Debtors commenced their chapter 11 cases).⁶⁷

130. In the Petition Date Price Notice, the Debtors ascribed a Petition Date market price of \$0.81565 per CEL Token.

131. It is my opinion that the market price of CEL Token at a moment of time on the Petition Date was not an accurate reflection of its value at that time. That is because the market for CEL Token had become dislocated at and after the Pause.

132. I worked as a trader in the Structured Products and the Life Finance Group (“LFG”) at Credit Suisse for 6 years. The markets I traded in the LFG could be highly volatile and illiquid. A core part of my responsibilities in the LFG were to monitor the structure of the market for dislocations. Over my career in LFG I observed many market dislocations. My experience has made me very familiar with the hallmark indicators of this phenomenon.

⁶⁴ CEL-UCC-01334142 at CEL-UCC-01334145 (Slack from Alex Mashinsky dated May 12, 2022).

⁶⁵ Celsius - Weekly CEL Buybacks and Rewards_2023.3.17

⁶⁶ *Notice of Filing of Cryptocurrency Conversion Rates* [Dkt. No. 1420].

⁶⁷ *Id.*

133. Market dislocation refers to a situation where the equilibrium between supply and demand in a market is significantly disrupted, leading to price inefficiencies.⁶⁸ Market dislocation can be caused by various factors such as economic shocks, policy changes, information asymmetry, or behavioral factors such as panicked or forced buyers or sellers. In periods of market dislocation, the price of a security or commodity are not reflective of their intrinsic value.⁶⁹

134. Market dislocation can manifest in different ways in the context of volume, spread, and volatility measures.⁷⁰ During market dislocation, trading volume may experience abnormal fluctuations. High trading volume can indicate increased market activity and liquidity, while low trading volume may suggest reduced participation and liquidity.

135. The bid-ask spread, which represents the difference between the highest price a buyer is willing to pay (bid) and the lowest price is willing to accept (ask), can widen during market dislocation. This widening spread reflects increased uncertainty and reduced liquidity in the market.

136. Market dislocation often leads to heightened volatility, which refers to the magnitude of price fluctuations over a given period. Increased volatility can be observed through larger and more frequent price swings. Volatility indicates greater uncertainty and risk in the market.

137. During the period between the Pause and the Petition Date, many of the factors that can lead to market volatility were present, such as economic shocks, information asymmetry, and panicked buying and selling. Additionally, the normal functioning of supply and demand in the CEL Token market were severely disrupted by the Pause. When Celsius paused all trading activity on its platform, approximately \$100 million in CEL Tokens were locked and unable to be sold.⁷¹ Only 5% of the total CEL Token supply could actively be traded following the Pause.

138. Given the rumors about Celsius's solvency and the burgeoning crypto winter discussed later herein, it is highly likely that economically rational customers with CEL Token holdings on the Celsius platform would have withdrawn and sold those tokens had it not been locked on the Celsius platform. They could not because of the Pause.

⁶⁸ See generally Paolo Pasquariello, *Financial Market Dislocations*, 27 REV. OF FINANCIAL STUDIES 1868 (2014) (defining and discussing market dislocations).

⁶⁹ Reuters, *Bitcoin stabilizes after heavy losses but pessimism reigns in crypto markets*. (June 14, 2022) (available at <https://www.reuters.com/technology/no-let-up-crypto-slide-celsius-halt-leaves-investors-panicking-2022-06-14/>)

⁷⁰ See generally J. Sarkissian, *Spread, Volatility, and Volume Relationship in Financial Markets and Market Makers' Profit Optimization* (June 26, 2016) (available at SSRN: <https://ssrn.com/abstract=2799798> or <http://dx.doi.org/10.2139/ssrn.2799798>) (describing relationship price spread, volatility, and trading volume).

⁷¹ Celsius - FREEZE Report_6.13.2022.xlsx.

139. This disruption of normal supply and demand, coupled with (1) the public's lack of knowledge regarding Celsius's pre-petition purchasing activity and financial condition, (2) the turmoil in the cryptocurrency market as a whole, and (3) the extreme volatility of the CEL Token market price (as discussed in greater detail below), lead me to conclude that the market for CEL Token was dislocated between the Pause to the Petition Date.

140. At the time of the Pause, several other prominent crypto businesses had recently become insolvent. For instance, between May 7 and May 9, 2022, the Terraform Labs cryptocurrency called UST started rapidly losing value, which caused its companion cryptocurrency, LUNA, to fall from a market value of approximately \$80 to pennies by May 12, 2022.⁷²

141. Shortly thereafter, the Pause occurred. On the date of the Pause, the price of Bitcoin had fallen 61% off its all-time high of \$68,789.63, all of which contributed to a backdrop of a blockchain industry in the throes of an economic shock.⁷³ Crypto hedge fund Three Arrows Capital also filed for insolvency in the British Virgin Islands on June 27, 2022.⁷⁴

142. In the days leading up to and following the Pause Date, Celsius was rumored to be insolvent. Celsius responded with mixed signals.⁷⁵ While many customers believed Celsius's value was plummeting, Mashinsky hinted that any loss of value was due to targeted attacks against Celsius.⁷⁶ Customers further noted that during the May 20, 2022 AMA, Celsius refused to run the weekly inflow/outflow numbers they regularly presented.⁷⁷ When Celsius paused withdrawals, numerous articles were published questioning Celsius's solvency and ability to

⁷² See, e.g., S. Kessler, S. Young, CoinDesk, *The LUNA and UST Crash Explained in 5 Charts* (May 11, 2022) (available at <https://www.coindesk.com/layer2/2022/05/11/the-luna-and-ust-crash-explained-in-5-charts/>); M. Levine, Bloomberg, *Terra Flops*, (May 11, 2022) (available at <https://www.bloomberg.com/opinion/articles/2022-05-11/terra-flops>).

⁷³ E. Howcroft, Reuters, *Cryptocurrency market value slumps under \$1 trillion* (June 13, 2022) (available at <https://www.reuters.com/business/finance/cryptocurrency-market-value-slumps-under-1-trillion-2022-06-13/>).

⁷⁴ A. Kharpal, CNBC, *Crypto hedge fund Three Arrows Capital* (June 29, 2022) <https://www.cnbc.com/2022/06/29/crypto-hedge-fund-three-arrows-capital-plunges-into-liquidation.html>.

⁷⁵ See T. Wright, CoinDesk, *Celsius Network execs deny rumors of significant losses amid market volatility* (May 11, 2022) (available at <https://cointelegraph.com/news/celsius-network-execs-deny-rumors-of-significant-losses-amid-market-volatility>) (“The fallout from extreme volatility in the crypto market hasn’t significantly affected Celsius Network, according to its leadership.”).

⁷⁶ J. Light, *Celsius Faces a Revolt as a High-Yield Crypto Plummet*, Barron's (May 18, 2022), <https://www.barrons.com/articles/celsius-cryptocurrency-investors-losses-51652906401> (also noting that Celsius “says it had \$11.8 billion worth of assets as of Tuesday [May 16], down from \$16.9 Billion on May 6”).

⁷⁷ Celsius Network, *Celsius AMA May 20 2022*, YouTube (May 20, 2022), https://www.youtube.com/watch?v=gKiqTqFUTFo&list=PLLjzjU2vvKVMNgmFM2oV79WQ0iSgf_5oV&index=4 (user comment: “Why no weekly report on inflows and outflows? You need to include it guys, especially in a time like this!” reply: “Very convenient not to show it ...”).

move forward.⁷⁸ During this time period, reputable news sources such as CNBC noted that “Celsius’ cel token has also erased 97% of its value” and the value of Celsius assets “more than halve[d]” since October 2021.⁷⁹ Customers were unable to validate any information presented by Celsius on its potential financial condition leading up to the Pause until the Petition Date.⁸⁰

143. My review of internal communications demonstrated that Celsius purchased CEL Token during this period to prevent the price of the token from falling and keep users on the platform.⁸¹

144. Rumors of large open short positions, and the possibility of a “short squeeze” were being discussed on Twitter and other public forums, which are discussed in further detail below.⁸²

145. A market that is dislocated also tends to exhibit increased volatility, changes in trading volumes (either an increase or a decrease), reduced liquidity, and pricing inefficiencies (*i.e.* market prices that do not reflect the intrinsic value of the asset).

146. When comparing the market for CEL token, Bitcoin, Ether, FTT token, and HEX before and after the Pause Date, the data clearly shows many of these factors to be present, including increased volatility, increased trading volumes, and reduced liquidity.

147. The chart below shows the time series of daily price returns for BTC, ETH, FTT, HEX, and CEL Token from the start of 2022 to the Petition Date.

⁷⁸ R. Browne, A. Kharpal, *Crypto lender Celsius pauses withdrawals due to ‘extreme market conditions’*, CNBC (Jun. 13, 2022), <https://www.cnbc.com/2022/06/13/crypto-lender-celsius-pauses-withdrawals-bitcoin-slides.html> (noting the pause “has raised concerns about Celsius’ solvency.”).

⁷⁹ *Id.*

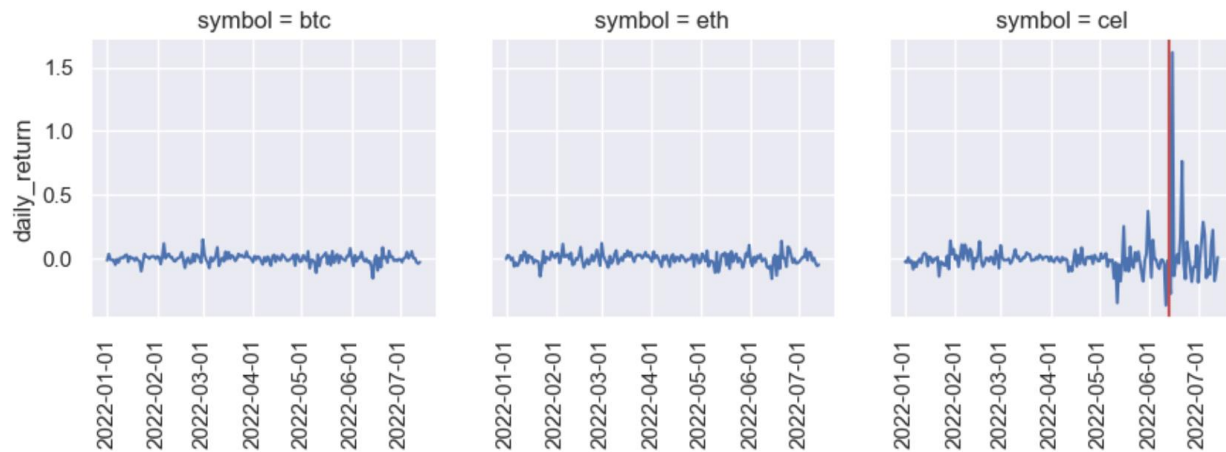
⁸⁰ *Id.* (“Market participants have suggested that Celsius had exposure to the now-collapsed terraUSD stablecoin. Celsius has denied this. Just last week, the company said it had not had any issues meeting withdrawal requests. Celsius said it had the reserves and ‘more than enough’ of the cryptocurrency ether, to meet obligations.”).

⁸¹ CEL-UCC-01334142 (WhatsApp from Alex Mashinsky dated May 12, 2022: “[l]et’s defend CEL here so we don’t loose [sic] all our users.”)

⁸² A complete set of screenshots of this twitter thread is attached as **Appendix 3**.

Figure 12

Volatility of Daily Price Appreciation in CEL Increased Post Pause



148. The increase in volatility from the period before the Pause Date (8%) and the period from the Pause Date to the Petition Date (34%) are visually evident. The Pause Date separating these two periods is shown by the red line in the CEL Token chart.

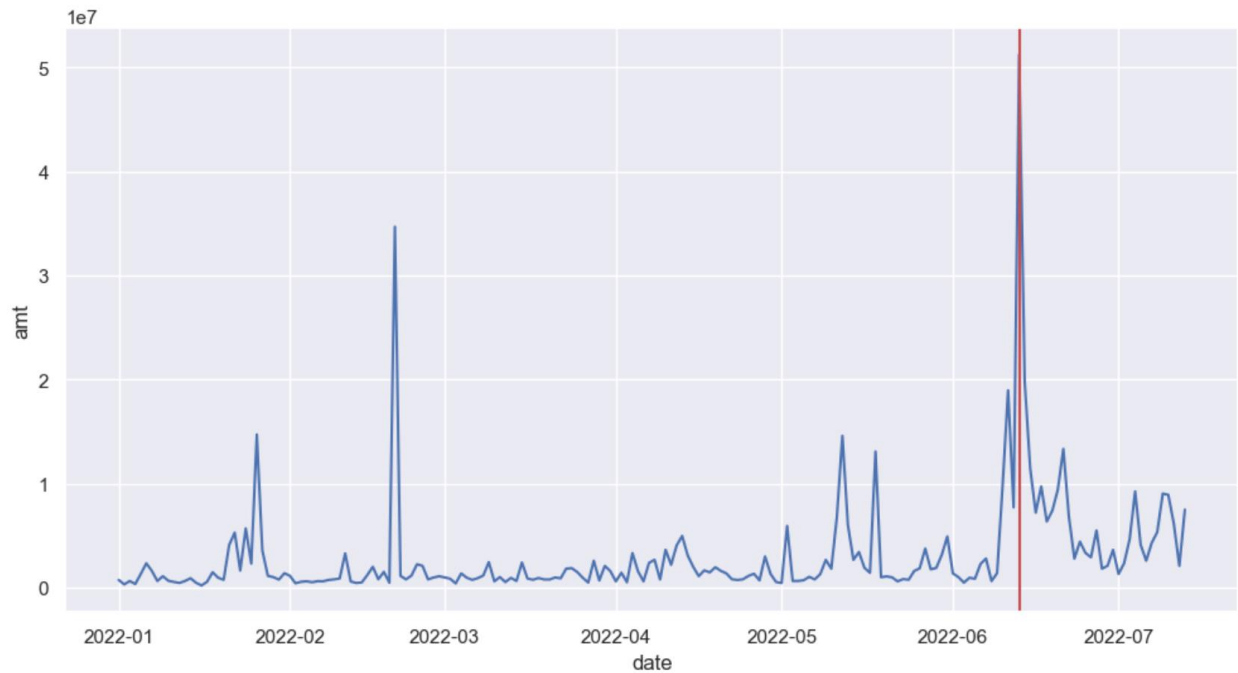
149. For comparison, BTC price volatility prior to the Pause is 3.4% and after the Pause to the Petition Date is 4.6%. Similarly, ETH price volatility prior to the Pause is 4.1% and after the Pause to the Petition Date is 6.1%. It does not surprise me that the volatility of BTC and ETH would increase slightly after Celsius Pause withdrawals due to the shock to the crypto ecosystem as a whole caused by an impending Celsius bankruptcy filing and the crypto winter generally. However the difference in those major cryptocurrency tokens and CEL is dramatic: BTC (net 1.2%), ETH (net 2%), and CEL Token (**net 26%**).

150. To compare with other similar alt coins (cryptocurrencies other than BTC) we looked at FTT and HEX on FTX. FTT's pre-Pause volatility was 4.2%, while post-Pause it was 5.3%. For HEX, pre-Pause volatility was 8%, with post-Pause volatility at 9.2%.

151. Likewise, as demonstrated in the chart below, the trading volumes of CEL Token increased following the Pause. From January 1, 2022 to the Pause Date, the average daily trading volume was 2.1 million CEL Token. Between the Pause Date and Petition Date, the average daily trading volumes spiked to 7.6 million CEL Token (~360% greater than the average daily trading volume from January 1, 2022 to the Pause Date).

Figure 13

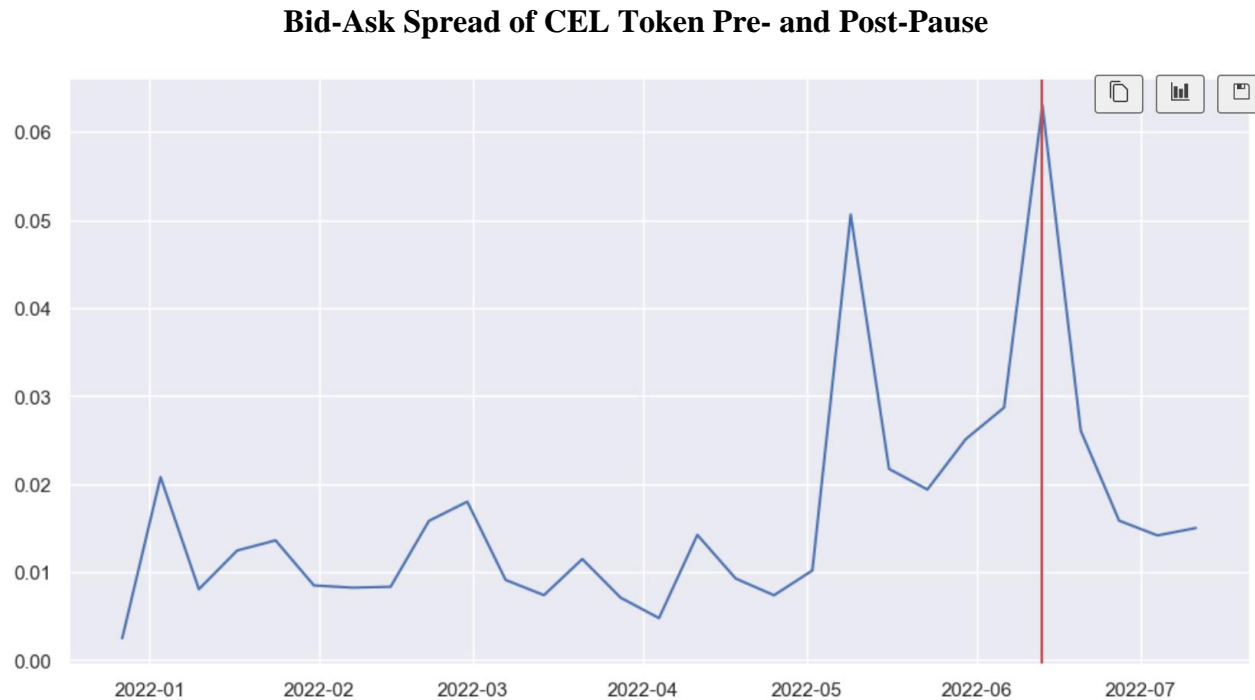
Trading Volume of CEL Token Pre- and Post-Pause



152. Another sign of a market dislocation are wide bid/ask spreads relative to the normal market regimes. Wintermute, the market maker for CEL Token, agreed to maintain CEL Token pair spreads in the range of 1% to 5%.⁸³ However, after the Pause, Wintermute stopped making markets in CEL and the spreads widened outside of the 1-5% range, indicating continual market dislocation. The chart below illustrates how the bid-ask spreads widened after the Pause date (red line).

⁸³ CEL-UCC-00318104 at CEL-UCC-00318118 (Market Maker Agreement dated Dec. 19, 2019).

Figure 14 ⁸⁴



153. In conclusion, the fact that the price was not tied to the underlying value of the CEL token, evidenced by volume, volatility, and wide bid-ask spreads, is the very definition of a dislocated market. That is particularly true in this case given that the entire universe of tokens being traded represent only 5% of the total supply. The other 95%, including approximately \$100 million in CEL Token user liabilities were locked and unable to be sold.⁸⁵ Given that Celsius had paused withdrawals which signaled coming distress, if the 42% of circulating CEL Token held by Celsius that represented CEL user liabilities (or any significant portion of that amount) had been withdrawn and sold in the market it likely would have had a major downward impact on the price of CEL Token. I believe that would have been likely had Celsius not paused withdrawals. Customers holding CEL Token and worried about the future of Celsius would have likely sold their coins, causing the price of CEL Token to drop.

F. The Short Squeeze

154. With regards to "CEL short squeeze" narrative, my team and I have reviewed evidence of social media posts by Celsius customers and other third parties promoting the idea of

⁸⁴ Kaiko, Bid-Ask Spread Data for CEL Token.

⁸⁵ Celsius - FREEZE Report_6.13.2022.xlsx

short squeeze as well as rumors and allegations of FTX being involved in illegal naked shorting of CEL by third parties.

155. The CEL Token short squeeze likely intended to take advantage of a “meme coin” type frenzy. Crypto has a long history of “meme coin” inspired frenzies where speculators are encouraged to buy “memecoins” via memes shared on social media platforms such as Twitter, Reddit and Telegram. Examples of memecoin inspired frenzies are: DOGE Coin⁸⁶ in 2021 which rose from sub \$.01 to as high as \$.69 amid speculation that Elon Musk would mention it on Saturday Night Live; SHIB⁸⁷ which is inspired by a Japanese hunting dog; and most recently PEPE coin⁸⁸ which is inspired by a PEPE the frog meme.⁸⁹

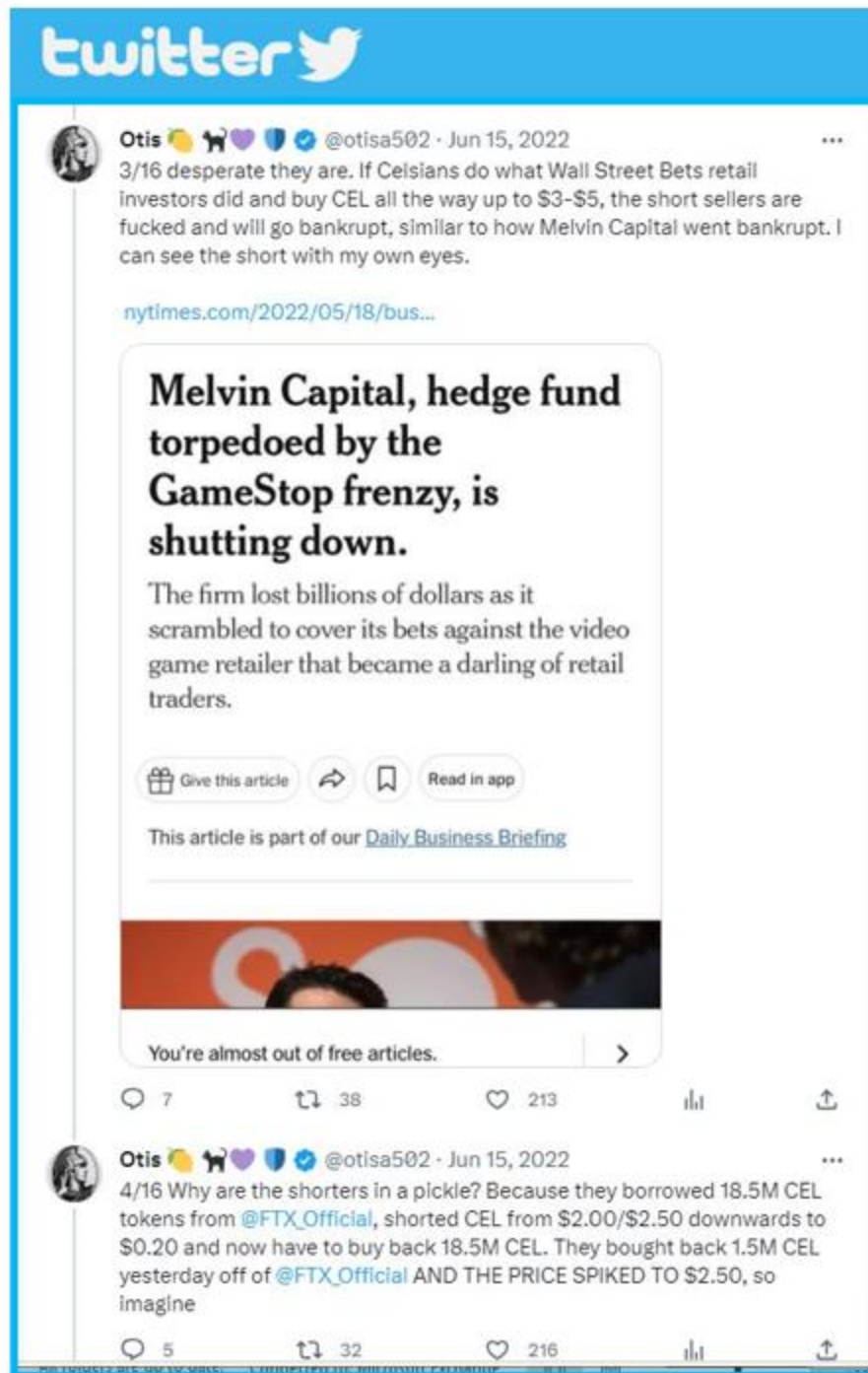
156. A short squeeze is a condition that triggers rapidly rising prices in a stock or other tradable security. It can often occur when a security has a significant number of short sellers, meaning lots of investors are betting on its price falling. The short squeeze begins when the price jumps higher unexpectedly, which can happen for a variety of reasons, and gains momentum as a significant measure of the short sellers decide to cut losses and exit their positions.

⁸⁶ S. Sinclair, Coindesk, *Dogecoin Price Finally Tops 69 Cents, Flips XRP to Become Top-4 Crypto*, (Sept. 14, 2021), <https://www.coindesk.com/markets/2021/05/05/dogecoin-price-finally-tops-69-cents-flips-xrp-to-become-top-4-crypto/>.

⁸⁷ Cointelegraph, *What’s next for Shiba Inu as price continues to slide? Two alternatives meme coins to watch* (Aug. 23, 2023) <https://cointelegraph.com/market-releases/whats-next-for-shiba-inu-as-price-continues-to-slide-two-alternative-meme-coins-to-watch>.

⁸⁸ B. Weiss, Fortune Crypto, *How the Pepe coin, ‘fueled by pure memetic power,’ soared past a \$1.6 billion market cap in 3 weeks—and then tumbled* (May 9, 2023) <https://fortune.com/crypto/2023/05/09/how-the-pepe-token-fueled-by-pure-memetic-power-soared-past-a-1-6-billion-market-cap-in-3-weeks-and-then-tumbled/>.

⁸⁹ Know Your Meme, *Apu Apustaja*, <https://knowyourmeme.com/memes/apu-apustaja>.



157. When a heavily shorted stock unexpectedly rises in price, the short sellers may have to act fast to limit their losses. Short sellers borrow shares of an asset that they believe will drop in with the goal of buying them after they fall. If the short seller is correct, they return the shares purchased at a lower price and pocket the difference between the price when they initiated the short and the price when they bought the shares back to close out the short position. If the short seller is wrong, they are forced to buy at a higher price and pay the difference between the price

they borrowed the stock at and its purchase price. Because short sellers exit their positions with buy orders, the coincidental exit of these short sellers pushes prices higher. The continued rapid rise in price also attracts buyers to the security, which pushes the price even higher.

158. A short squeeze occurs when the market moves sharply in a bullish direction, forcing a large number of short sellers to close their positions while further increasing buying pressure. As cryptocurrency short sellers buy back their tokens to repay their loans, this can lead to a runaway event that further drives up the price and forces even more shorts out of their positions. In crypto markets this can lead to cascading liquidations.

159. Short squeezes in crypto are often described as market manipulation events because they involve coordinated actions by participants and defy the expected trajectory of an asset.

160. The CEL Token short squeeze was effectuated in a number of ways. Customers, using a combination of public social media posts, private chat rooms, and private messaging channels, including Discord and Twitter, collectively organized to purchase CEL Token and to raise the price of CEL Token.

161. For example, on June 15, 2022, Otis Davis, one of the organizers of the short squeeze, tweeted publicly that “this is Gamestop, AMC and Wall Street Bets all over again.” He continued “we’re trying to make money GameStop and WSB style by squeezing the short sellers for as much as possible” and that “the fair thing to do is do what Wall Street Bets retail investors did and buy CEL token to \$3 and bankrupt the shorters.” A screenshot of a similar Tweet from Mr. Davis on June 21, 2022, is included below. My team has verified that market price of the CEL Token rose roughly 300% during that time period, going from \$0.26 on June 14, 2022 to \$1.11 on June 21, 2022.⁹⁰

⁹⁰ Etherscan, Token Celsius (CEL)
<https://etherscan.io/token/0xaaaeb6fe48e54f431b0c390cfaf0b017d09d42d#tokenAnalytics>.



162. It is my opinion that purchases made in connection with the “short squeeze” likely contributed to the increase in the market price of the CEL Token between the Pause Date and the Petition Date.

163. Indeed, Celsius’s own traders admitted that CEL had become worthless around that time and they faced difficulty trying to leverage CEL as an asset on the market.⁹¹

164. In conclusion, when Celsius paused withdrawals, the market for CEL Token became dislocated and high levels of uncertainty were introduced into the CEL Token market. With hundreds of millions of CEL Token locked on the Celsius platform, free supply of CEL Token was severely constricted.

165. When markets are dislocated, often traders attempt to take advantage of the dislocated market through schemes such as the “short squeeze.” In that regard, the “short squeeze” vindicates my conclusion that the market for CEL Token was dislocated following the Pause.

166. In a dislocated market, the market price of the asset does not reflect the asset’s intrinsic value. In many cases the market price is higher than the value. Here, the “short squeeze” and fact that 95% of the supply was restricted and could not be sold supports that conclusion.

167. It is my opinion that the market price of the CEL Token on the Petition Date was not an accurate indication of CEL Token’s value and absent the aforementioned conditions, CEL Token’s market price would have been significantly lower than \$0.81 on the Petition Date.

⁹¹ See e.g., CEL-UCC-00092037 (Slack between Kai Tang and Jason Perman dated May 12, 2022 ([KT]: “CEL \$0.65”. [JP] “Should be 0”)); CEL-UCC-00120671 (Email from Dean Tappen dated May 18, 2022 (“assume CEL is \$0 since we cannot liquidate our current CEL position”)).

168. I reserve the right to amend and supplement this report and to submit a rebuttal report.

169. Under the pain and penalty of perjury, I declare the foregoing to all be correct and true to the best of my knowledge.

EXECUTED on the ____ nd day of September, 2023 in New York City, New York

By: Max Galka
Max Galka, Elementus

Exhibit A

CV of Max Galka

MAX GALKA Founder/CEO

New York City, NY

Experience

Founder/CEO, **Elementus**

2018 – Present

New York City, NY

- Pioneered Elementus, a tech startup specializing in cryptocurrency analytics software.
- Orchestrated the end-to-end product lifecycle, from visionary concept to resounding market entry, focusing on paradigm-shifting innovations for the crypto universe.
- Galvanized and led a globally dispersed team, nurturing a culture of audacious creativity, unwavering problem-solving, and compassionate empathy.
- Currently at the helm of designing and launching "Sonar," a groundbreaking analytics product poised to be the Bloomberg of crypto markets.

Adjunct Lecturer DS Instructor, **University of Pennsylvania**

1/2017 – 4/2018

Philadelphia, PA

- Enlightened budding data scientists through comprehensive instruction, empowering them with a solid AI, data analysis, and coding foundation.
- Cultivated a fertile environment for incisive thinking and inventive problem-solving, imparting the essential "why" behind data science concepts.

Founder, **FOIA Mapper**,

1/2016 – 2/2018

New York, NY

- Innovated a novel search engine aimed at democratizing access to offline public records, buoyed by support from The Knight Foundation.

Co-founder, **Revaluate**

10/2013 – 4/2015

New York, NY

- Co-initiated Revaluate, leveraging data analytics to empower consumers in the real estate market.

Insurance-Linked Securities Trader, **Deutsche Bank**

2010 – 2013

London / New York / Los Angeles

- Managed multi-geographic trading operations in the insurance-linked securities sector, optimizing risk and return profiles.

Trader Longevity / Mortgage Derivatives, **Credit Suisse**

2004 – 2010

New York / London

- Spearheaded trading operations in longevity and mortgage derivatives, applying complex algorithms to navigate market volatility.

Education

The Wharton School

Finance

1999 – 2004

- Graduated with honors
- Activities and Societies: Jerome Fisher Program in Management and Technology, Joseph Wharton Scholar / Benjamin Franklin Scholar

University of Pennsylvania

Computer Science Engineering / Finance

1999 – 2004

- Graduated with honors
- Activities and Societies: Jerome Fisher Program in Management and Technology, Joseph Wharton Scholar / Benjamin Franklin Scholar

Exhibit B

List of Materials Relied Upon

General

- All documents referenced in footnotes to this report and appendices

Documents Produced by Debtors

Bates Stamped Documents

- CEL_EXAM-00088466
- CEL_EXAM-00123399
- CEL_EXAM-00167647
- CEL-EXAM-00168428
- CELSIUSNETWORK_00315715
- CELSIUSNETWORK_00768405
- CELSIUSNETWORK_01048406
- CELSIUSNETWORK_01158903
- CELSIUSNETWORK_01519341
- CELSIUSNETWORK_01601751
- CELSIUSNETWORK_02030038
- CELSIUSNETWORK_02407819
- CELSIUSNETWORK_02468840
- CELSIUSNETWORK_02529811
- CELSIUSNETWORK_02534000
- CELSIUSNETWORK_02541413

- CELSIUSNETWORK_02561673
- CELSIUSNETWORK_02698815
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- CELSIUSNETWORK_02958502
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- CEL-UCC-02113235
- CEL-UCC-02113242
- CEL-UCC-02113246
- CEL-UCC-02113259

Excels and CSVs

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- Celsius - CEL Trading Volume from Elementus_09_21_23.xlsx
- Celsius - Consolidated Financials (Reported)_v8.0xlsx
- Celsius - CEL OTC Transactions.xlsx
- Celsius - CEL Token Burn Data_11.02.2022.xlsx
- Celsius - FREEZE Report_9.30.2021.xlsx

- Celsius - FREEZE Report_12.31.2021.xlsx
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- Celsius - FREEZE Report_6.30.2022.xlsx
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Court Filings

- In re: Celsius Network LLC, et. al. No. 22-10964 (MG) (Bankr. S.D.N.Y.)
 - *Declaration of Alex Mashinsky, Chief Executive Officer of Celsius Network LLC, In Support of Chapter 11 Petitions and First Day Motions* [Dkt. No. 23]
 - *Declaration of Christopher Ferraro, Interim Chief Executive Officer, Chief Restructuring Officer, and Chief Financial Officer of the Debtors, In Support of the Proposed CEL Token Settlement* [Dkt. No. 3435]
 - *Notice of Subpoenas Directed to and Served Upon the FTX Debtors* dated May 15, 2023 [Dkt. No. 2642]
 - *Notice of Filing of Cryptocurrency Conversion Rates* [Dkt. No. 1420]
- *SEC v. Celsius Network*, No. 1:23-cv-06005 (S.D.N.Y.)
 - *SEC v. Celsius Network*, No. 1:23-cv-06005 (June 13, 2023) [Dkt No. 1] (Complaint)
- *United States v. Mashinsky*, No. 1:23-cr-00347 (S.D.N.Y.)
 - *United States v. Mashinsky*, No. 1:23-cr-00347 (June 11, 2023) [Dkt No. 1] (Indictment)

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- @Otisa502, Twitter (June 15, 2022)
- @Otisa502, Twitter (June 21, 2022)

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Appendix 1⁹²

Analysis of Company CEL Purchase (Sale) Data vs. Interest (\$)

Celsius: Historical Buybacks vs. Interest (\$)

Month	(a) Company Buybacks (\$)	(b) Interest (\$)	(a) - (b) - (c) Difference (\$)
Jan-20	\$146,538	\$360,549	(\$214,011)
Feb-20	101,807	484,800	(382,993)
Mar-20	65,177	274,094	(208,916)
Apr-20	221,385	244,042	(22,657)
May-20	408,441	424,348	(15,908)
Jun-20	649,194	480,720	168,474
Jul-20	985,598	820,615	164,983
Aug-20	2,084,740	1,151,668	933,072
Sep-20	2,587,993	1,182,627	1,405,366
Oct-20	8,053,713	3,015,245	5,038,467
Nov-20	17,830,024	3,458,002	14,372,023
Dec-20	13,127,627	4,670,222	8,457,405
Jan-21	28,491,288	10,722,531	17,768,757
Feb-21	31,594,342	10,028,046	21,566,296
Mar-21	12,153,338	9,778,382	2,374,956
Apr-21	4,125,695	11,467,871	(7,342,176)
May-21	71,271,565	16,051,929	55,219,637
Jun-21	62,982,963	12,097,958	50,885,005
Jul-21	46,454,699	12,968,071	33,486,628
Aug-21	44,386,405	12,344,349	32,042,057
Sep-21	36,958,584	11,632,243	25,326,342
Oct-21	39,671,634	17,563,302	22,108,332
Nov-21	7,518,419	10,345,681	(2,827,262)
Dec-21	2,443,332	9,792,914	(7,349,582)
Jan-22	27,261,184	10,804,169	16,457,015
Feb-22	9,672,340	9,520,161	152,179
Mar-22	10,275,942	10,254,267	21,675
Apr-22	15,257,620	12,217,031	3,040,589
May-22	7,549,468	5,613,469	1,935,999
Jun-22	753,406	3,808,736	(3,055,330)
Jul-22	(27,899)	2,284,831	(2,312,730)
Aug-22	—	—	—
Sep-22	—	—	—
Oct-22	—	0	(0)
Nov-22	—	—	—
Dec-22	—	—	—
Total	\$505,056,563	\$215,862,873	\$289,193,69 _

⁹² Celsius - Weekly CEL Buybacks and Rewards_2023.3.17.xlsx

Analysis of Company CEL Purchase (Sale) Data vs. Interest (#)

Celsius: Historical Buybacks vs. Interest (#)

Month	(a) Company Buybacks (#)	(b) Interest (#)	(a) - (b) - (c) Difference (#)
Jan-20	1,057,545	2,626,993	(1,569,448)
Feb-20	615,821	3,183,783	(2,567,962)
Mar-20	857,112	3,143,136	(2,286,023)
Apr-20	2,483,799	2,849,675	(365,875)
May-20	2,858,607	3,119,683	(261,076)
Jun-20	2,614,914	1,875,695	739,219
Jul-20	2,442,131	1,970,512	471,619
Aug-20	5,147,210	2,843,303	2,303,907
Sep-20	3,873,803	2,092,370	1,781,434
Oct-20	6,306,533	2,394,425	3,912,108
Nov-20	8,554,416	1,708,165	6,846,251
Dec-20	4,744,829	1,707,889	3,036,940
Jan-21	5,866,507	2,103,100	3,763,407
Feb-21	5,925,891	1,863,048	4,062,843
Mar-21	2,489,916	1,953,916	536,000
Apr-21	789,662	1,853,853	(1,064,191)
May-21	10,584,941	2,462,757	8,122,184
Jun-21	9,538,844	1,764,230	7,774,614
Jul-21	7,981,524	2,244,998	5,736,526
Aug-21	7,398,438	2,059,549	5,338,888
Sep-21	6,566,567	2,072,854	4,493,713
Oct-21	7,607,524	3,292,778	4,314,746
Nov-21	1,816,001	2,444,746	(628,745)
Dec-21	616,391	2,501,394	(1,885,003)
Jan-22	8,929,683	3,419,609	5,510,074
Feb-22	3,136,272	3,127,137	9,134
Mar-22	3,279,081	3,270,506	8,575
Apr-22	6,212,305	4,903,879	1,308,425
May-22	6,457,266	5,544,283	912,983
Jun-22	1,005,898	5,254,714	(4,248,816)
Jul-22	(37,485)	3,240,502	(3,277,987)
Aug-22	—	—	—
Sep-22	—	—	—
Oct-22	—	0	(0)
Nov-22	—	—	—
Dec-22	—	—	—
Total	137,721,948	84,893,481	52,828,467

Appendix 2 ⁹³

Analysis of Company CEL Purchase (Sale) Data vs. Rewards and OTC Transactions (\$)

Celsius: Historical Buybacks vs. Interest and OTC Transactions (\$)

Month	(a) Company Buybacks (\$)	(b) Interest (\$)	(c) Net OTC (\$)	(a) - (b) - (c) Difference (\$)
Jan-20	\$146,538	\$360,549	—	(\$214,011)
Feb-20	101,807	484,800	—	(382,993)
Mar-20	65,177	274,094	—	(208,916)
Apr-20	221,385	244,042	—	(22,657)
May-20	408,441	424,348	—	(15,908)
Jun-20	649,194	480,720	—	168,474
Jul-20	985,598	820,615	—	164,983
Aug-20	2,084,740	1,151,668	100,000	833,072
Sep-20	2,587,993	1,182,627	900,300	505,066
Oct-20	8,053,713	3,015,245	3,302,140	1,736,328
Nov-20	17,830,024	3,458,002	14,045,401	326,621
Dec-20	13,127,627	4,670,222	24,368,652	(15,911,247)
Jan-21	28,491,288	10,722,531	44,270,939	(26,502,182)
Feb-21	31,594,342	10,028,046	13,235,795	8,330,501
Mar-21	12,153,338	9,778,382	21,405,603	(19,030,647)
Apr-21	4,125,695	11,467,871	979,911	(8,322,087)
May-21	71,271,565	16,051,929	16,564,134	38,655,502
Jun-21	62,982,963	12,097,958	(1,187,757)	52,072,762
Jul-21	46,454,699	12,968,071	13,220,779	20,265,849
Aug-21	44,386,405	12,344,349	25,462,290	6,579,767
Sep-21	36,958,584	11,632,243	(1,212,579)	26,538,921
Oct-21	39,671,634	17,563,302	(3,025,867)	25,134,200
Nov-21	7,518,419	10,345,681	(3,994,091)	1,166,829
Dec-21	2,443,332	9,792,914	(19,718,788)	12,369,207
Jan-22	27,261,184	10,804,169	7,963,812	8,493,203
Feb-22	9,672,340	9,520,161	1,322,335	(1,170,157)
Mar-22	10,275,942	10,254,267	409,496	(387,821)
Apr-22	15,257,620	12,217,031	(222,707)	3,263,295
May-22	7,549,468	5,613,469	2,155,843	(219,844)
Jun-22	753,406	3,808,736	455,550	(3,510,880)
Jul-22	(27,899)	2,284,831	—	(2,312,730)
Aug-22	—	—	—	—
Sep-22	—	—	—	—
Oct-22	—	0	—	(0)
Nov-22	—	—	—	—
Dec-22	—	—	—	—
Total	\$505,056,563	\$215,862,873	\$160,801,191	\$128,392,49

⁹³ Celsius - Weekly CEL Buybacks and Rewards_2023.3.17.xlsx; Celsius - CEL OTC Transactions.xlsx

Analysis of Company CEL Purchase (Sale) Data vs. Rewards and OTC Transactions (#)

Celsius: Historical Buybacks vs. Interest and OTC Transactions (#)

Month	(a) Company Buybacks (#)	(b) Interest (#)	(c) Net OTC (#)	(a) - (b) - (c) Difference (#)
Jan-20	1,057,545	2,626,993	—	(1,569,448)
Feb-20	615,821	3,183,783	—	(2,567,962)
Mar-20	857,112	3,143,136	—	(2,286,023)
Apr-20	2,483,799	2,849,675	—	(365,875)
May-20	2,858,607	3,119,683	—	(261,076)
Jun-20	2,614,914	1,875,695	—	739,219
Jul-20	2,442,131	1,970,512	—	471,619
Aug-20	5,147,210	2,843,303	267,235	2,036,672
Sep-20	3,873,803	2,092,370	1,115,370	666,064
Oct-20	6,306,533	2,394,425	3,051,172	860,937
Nov-20	8,554,416	1,708,165	9,291,022	(2,444,771)
Dec-20	4,744,829	1,707,889	9,540,221	(6,503,281)
Jan-21	5,866,507	2,103,100	10,570,126	(6,806,719)
Feb-21	5,925,891	1,863,048	3,104,225	958,618
Mar-21	2,489,916	1,953,916	5,201,486	(4,665,486)
Apr-21	789,662	1,853,853	195,920	(1,260,110)
May-21	10,584,941	2,462,757	2,739,163	5,383,022
Jun-21	9,538,844	1,764,230	(113,812)	7,888,426
Jul-21	7,981,524	2,244,998	2,802,717	2,933,809
Aug-21	7,398,438	2,059,549	4,424,757	914,132
Sep-21	6,566,567	2,072,854	(256,760)	4,750,473
Oct-21	7,607,524	3,292,778	(782,106)	5,096,852
Nov-21	1,816,001	2,444,746	(1,123,802)	495,057
Dec-21	616,391	2,501,394	(6,038,479)	4,153,476
Jan-22	8,929,683	3,419,609	2,809,535	2,700,539
Feb-22	3,136,272	3,127,137	373,504	(364,370)
Mar-22	3,279,081	3,270,506	64,892	(56,317)
Apr-22	6,212,305	4,903,879	(124,656)	1,433,081
May-22	6,457,266	5,544,283	2,698,936	(1,785,953)
Jun-22	1,005,898	5,254,714	1,131,329	(5,380,144)
Jul-22	(37,485)	3,240,502	—	(3,277,987)
Aug-22	—	—	—	—
Sep-22	—	—	—	—
Oct-22	—	0	—	(0)
Nov-22	—	—	—	—
Dec-22	—	—	—	—
Total	137,721,948	84,893,481	50,941,995	1,886,47_

Appendix 3

Tweets by @otisa502



Follow

1/16 Let's wait to hear an official statement from [@CelsiusNetwork](#). But if that statement is positive, then this is GameStop, AMC and Wall Street Bets all over again (the sequel.)

These are my thoughts on the short sellers. I can only speak for that part of the attack on [twitter.com/Mashinsky/stat...](#)

You're unable to view this Post because this account owner limits who can view their Posts. [Learn more](#)

4:30 PM · Jun 15, 2022



134



528



1,038



108



Post your reply

Reply



Otis 🍌 🐕 🍷 🛡️ 🟢 @otisa502 · Jun 15, 2022

2/16 [@CelsiusNetwork](#) because this is what I see with my own 2 eyes on [@FTX_Official](#) and Twitter.

18.5M CEL shorted on FTX a few days ago, now down to 16.5M CEL yesterday (6/14/22). Short sellers were paying 2,600% to anyone who had CEL to borrow to close their short. This is how

Market	24h Average Borrowed	24h Average Borrowed (USD)	Previous Lend
BYND	0.0107 BYND	\$0.24	0.88% / year
CAD	295,095.3875 CAD	\$227,223.45	8.00% / year
CEL	16,501,205.5324 CEL	\$11,427,084.83	2,599.00% / year
CGC	0.0326 CGC	\$0.11	0.88% / year



Otis 🍌🐕💜🛡️🔵 @otisa502 · Jun 15, 2022

2/16 @CelsiusNetwork because this is what I see with my own 2 eyes on @FTX_Official and Twitter.

18.5M CEL shorted on FTX a few days ago, now down to 16.5M CEL yesterday (6/14/22). Short sellers were paying 2,600% to anyone who had CEL to borrow to close their short. This is how

Asset	24h Average Borrowed	24h Average Borrowed (USD)	Previous Lend
BYND	0.0107 BYND	\$0.24	0.88% / year
CAD	295,095.3875 CAD	\$227,223.45	8.00% / year
CEL	16,501,205.5324 CEL	\$11,427,084.83	2,599.00% / year
CGC	0.0326 CGC	\$0.11	0.88% / year
COIN	15.4539 COIN	\$788.38	0.88% / year
CRON		\$0.00	0.88% / year
CUSDT	1,173,430.7783 CUSDT	\$25,727.47	0.88% / year
DAI	5,558,371.1049 DAI	\$5,558,371.10	5.00% / year
DKNG	0.2476 DKNG	\$2.87	0.88% / year
DOGE	64,437,245.6297 DOGE	\$3,499,938.64	4.95% / year

12

44

189





Otis 🍌 🐕 🍷 🛡️ 🟢 @otisa502 · Jun 15, 2022

...

3/16 desperate they are. If Celsians do what Wall Street Bets retail investors did and buy CEL all the way up to \$3-\$5, the short sellers are fucked and will go bankrupt, similar to how Melvin Capital went bankrupt. I can see the short with my own eyes.

nytimes.com/2022/05/18/bus...

Melvin Capital, hedge fund torpedoed by the GameStop frenzy, is shutting down.

The firm lost billions of dollars as it scrambled to cover its bets against the video game retailer that became a darling of retail traders.



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7

38

213



Otis 🍌 🐕 🍷 🛡️ 🟢 @otisa502 · Jun 15, 2022

...

4/16 Why are the shorters in a pickle? Because they borrowed 18.5M CEL tokens from @FTX_Official, shorted CEL from \$2.00/\$2.50 downwards to \$0.20 and now have to buy back 18.5M CEL. They bought back 1.5M CEL yesterday off of @FTX_Official AND THE PRICE SPIKED TO \$2.50, so imagine

5

32

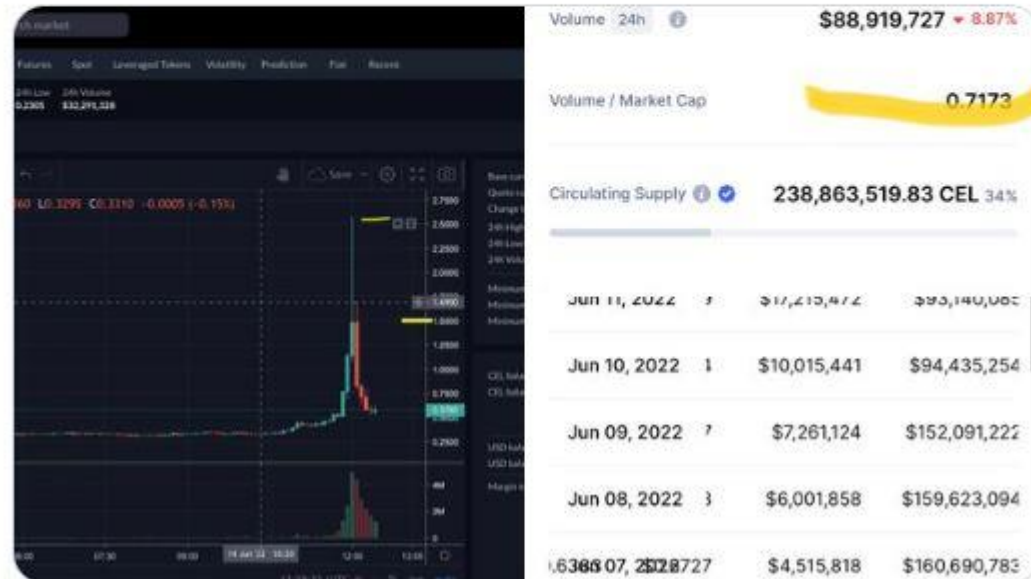
216





Otis 🍌🐕💜🛡️🔵 @otisa502 · Jun 15, 2022

5/16 they have another 17.5M CEL to buy back, what happens to the price of CEL? I expect crazy wash trading volume and new all-time highs because of low liquidity. Regular CEL volume is \$5M. Volume was \$111M yesterday and \$89M today, and none of that is retail investors, all



2 22 167



Otis 🍌🐕💜🛡️🔵 @otisa502 · Jun 15, 2022

6/16 shorters doing wash trades. The problem is when they were selling that 18.5M CEL, retail investors like me bought some of that CEL because it was so cheap and the shorters realized there's not 18.5M CEL on the market to buy back. So what do they do? Offer 2,600% APY to






3 25 164



Otis 🍌🐕💜🛡️🔵 @otisa502 · Jun 15, 2022

7/16 anyone who is willing to lend them CEL token on @FTX_Official to close their short, as they're very desperate, kind of like Melvin Capital. The shorters didn't do basic research on @CelsiusNetwork to realize that this is a low-liquidity token and there's simply not

3 23 173

-  **Otis** 🍌🐈💜🛡️🔵 @otisa502 · Jun 15, 2022 ...
8/16 enough liquidity. I think they wanted revenge on @CelsiusNetwork for pulling out of Luna/UST on @anchor_protocol, as they lost billions of dollars, and did this on a whim without any due diligence, just to get revenge on @CelsiusNetwork for losing so much money on UST,
2 24 185
-  **Otis** 🍌🐈💜🛡️🔵 @otisa502 · Jun 15, 2022 ...
9/16 which they blame @CelsiusNetwork for. They short stocks on Wall Street all the time and thought that's how it works in crypto. Now they're finding out there's limited supply, @CelsiusNetwork has all the CEL tokens and they can't close their short, which is why they're
1 23 159
-  **Otis** 🍌🐈💜🛡️🔵 @otisa502 · Jun 15, 2022 ...
10/16 offering anyone with CEL token 2,600% APY yesterday to borrow their CEL tokens. In hindsight, @CelsiusNetwork pausing withdrawals is a good move, which means no one can sell their CEL token or lend them to @FTX_Official, which put the shorters in a worse position.
4 33 255
-  **Otis** 🍌🐈💜🛡️🔵 @otisa502 · Jun 15, 2022 ...
11/16 There's an old saying my grandmother used to say: "When you're digging a grave, make sure to dig 2 holes; one for you and one for your enemy." It seems, if I'm right, that they'll fall into the very hole [grave] they dug for @CelsiusNetwork, by not being able to return
3 21 199
-  **Otis** 🍌🐈💜🛡️🔵 @otisa502 · Jun 15, 2022 ...
12/16 all 18.5M CEL to @FTX_Official that they borrowed, because there's simply not enough liquidity on CEL token for them to buy 18.5M CEL on the open market. Also, they tried to short #Bitcoin 📈 down to \$23,000 to liquidate 17,00+ Bitcoin @CelsiusNetwork have as collateral



Otis 🍌🐕💜🛡️🔒 @otisa502 · Jun 15, 2022

...

12/16 all 18.5M CEL to @FTX_Official that they borrowed, because there's simply not enough liquidity on CEL token for them to buy 18.5M CEL on the open market. Also, they tried to short #Bitcoin 📉 down to \$23,000 to liquidate 17,00+ Bitcoin @CelsiusNetwork have as collateral

1

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159

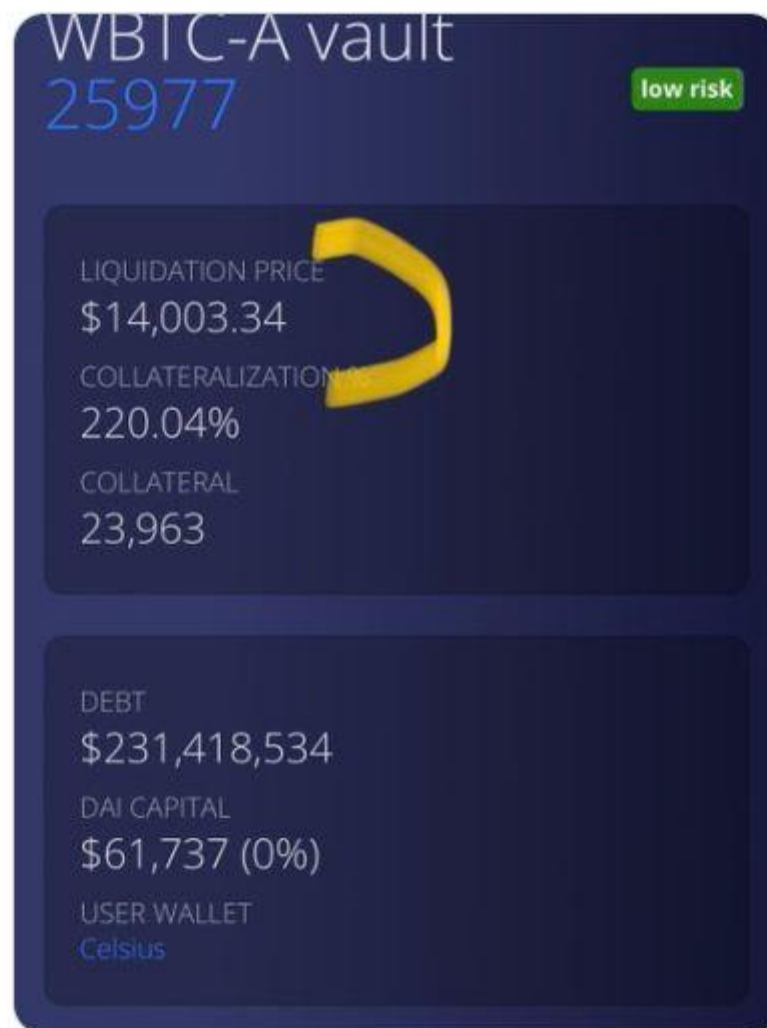


Otis 🍌🐕💜🛡️🔒 @otisa502 · Jun 15, 2022

...

13/16 on Maker, which if they were able to liquidate that, it would be a devastating blow to Celsius. But Celsius added collateral, to their chagrin, and brought that #Bitcoin 📉 liquidation to \$14,000, making it a stretch to liquidate that Maker loan.

[maker.blockanalitica.com/vaults/WBTC-A/...](https://maker.blockanalitica.com/vaults/WBTC-A/)





Otis 🍌🐈💜🛡️🔵 @otisa502 · Jun 15, 2022

...

14/16 These are just my thoughts from what I can see. If you were to ask me, I would say that we get our coins back. That's my personal opinion based on what I see, mainly the coordinated attack and causing a bank run on Celsius and Celsius surviving their all-out attack.

💬 2

↻ 26

❤️ 245



Otis 🍌🐈💜🛡️🔵 @otisa502 · Jun 15, 2022

...

Replying to @otisa502

15/16 I think Celsius simply has liquidity issues, meaning the 20% they put aside for withdrawals got exhausted and they have to call back loans. I could be wrong, but that's what I see. This is an attack from Wall Street hedge funds on Celsius, similar to GameStop AMC, and if

💬 4

↻ 28

❤️ 226



Otis 🍌🐈💜🛡️🔵 @otisa502 · Jun 15, 2022

...

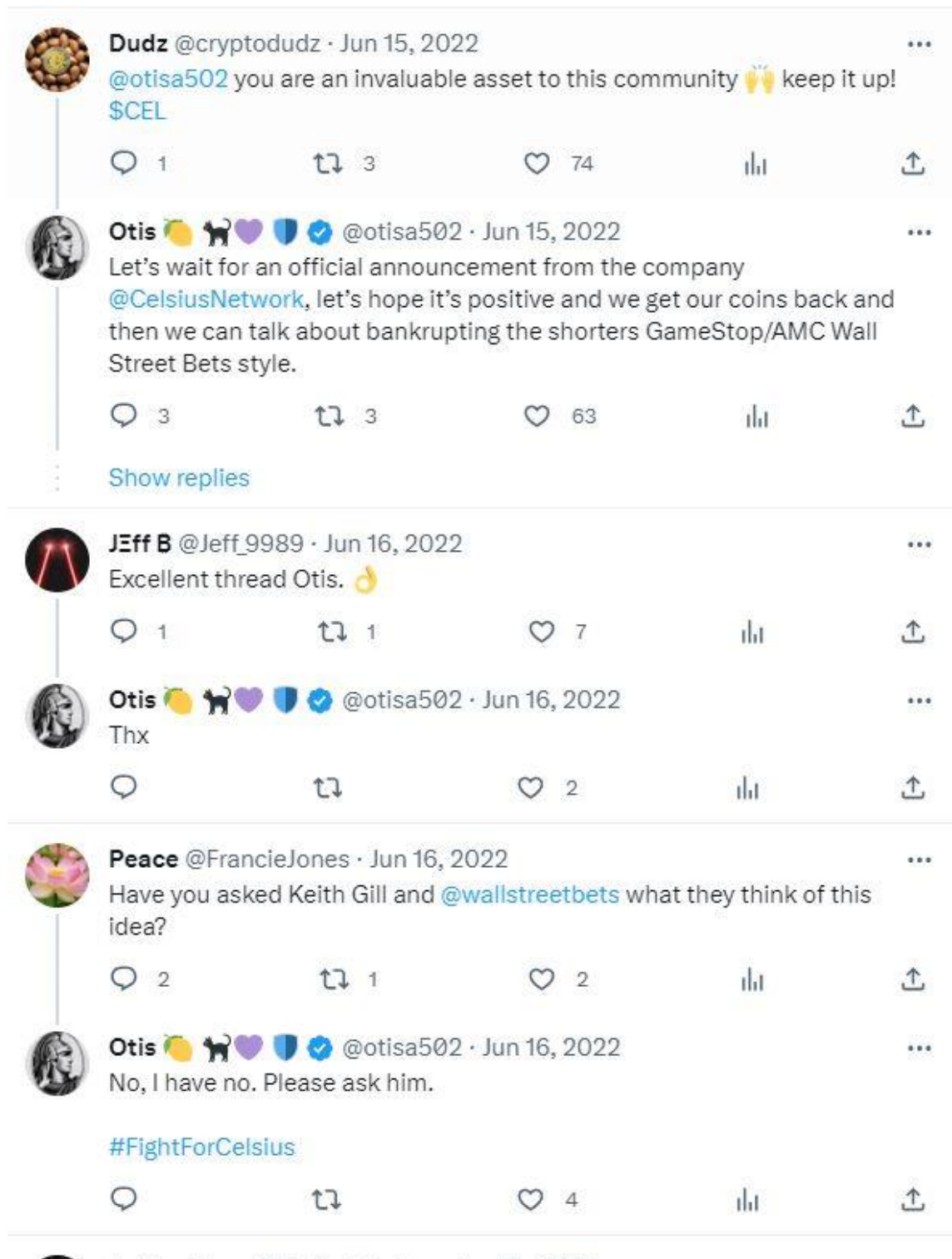
16/16 the evidence I see corroborates what @CelsiusNetworkis says and they show more proof that we Celsiusians were targeted and attacked, the fair thing to do is do what Wall Street Bets retail investors did and buy CEL token to \$3 and bankrupt the shorters who did this to us.

💬 43



↻ 53


❤️ 418









-  **Otis** 🍌 🐕 🧡 🛡️ 🟢 @otisa502 · Jun 15, 2022 ...
Tweeted that out yesterday and today. Watch from the 5-minute mark.
🗨️ ↻ 🧡 2 📊 ⬆
-  **NoahsArk** @NoahsArk1112019 · Jun 16, 2022 ...
Why doesn't Celsius find an investor or VC to fund the short squeeze?
🗨️ 1 ↻ 🧡 2 📊 ⬆
-  **Otis** 🍌 🐕 🧡 🛡️ 🟢 @otisa502 · Jun 16, 2022 ...
Don't know.
🗨️ ↻ 🧡 📊 ⬆
-  **Derek McCloud, M.Ed** @derekjmccloud · Jun 15, 2022 ...
How does one buy cel token in the US? What exchange is it on?
🗨️ 10 ↻ 4 🧡 14 📊 ⬆
-  **Otis** 🍌 🐕 🧡 🛡️ 🟢 @otisa502 · Jun 15, 2022 ...
You have to buy it through Uniswap or just contact me and I'll get it for you.
🗨️ 1 ↻ 🧡 📊 ⬆
-  **spinelpoeta** @spinelpoeta · Jun 15, 2022 ...
[@QuickswapDEX](#) also via [@0xPolygon](#) no [\\$ETH](#) fees
🗨️ 1 ↻ 1 🧡 4 📊 ⬆
-  **bressler.eth** 🏠 @djbressler · Jun 16, 2022 ...
Do you have a "how to" on this?
🗨️ 2 ↻ 🧡 📊 ⬆
-  **spinelpoeta** @spinelpoeta · Jun 16, 2022 ...
hey good people at [@QuickswapDEX](#) and [@0xPolygon](#) can yall provide a simple how to of bridging ur MM wallet to the Polygon network and connecting Quickswap to buy [\\$CEL](#)


**Crypto Sausage** @sausagecryptos · Jun 16, 2022 ...
1.7m celsius users buying \$100 worth of cel would rock the boat if this analysis is correct
 1   2  


**Otis** 🍌 🐕 🧡 🛡️ 🟢 @otisa502 · Jun 16, 2022 ...
Need to focus on the active users. Which is about 570K.
 1   5  


**Crypto Sausage** @sausagecryptos · Jun 16, 2022 ...
Im not on FTX but will join to squeeze a short from these bastards
 1   2  

**investorboy** @investorboy42 · Jun 20, 2022 ...
ngl, I find \$3 to be a disappointing target
 1    


**Otis** 🍌 🐕 🧡 🛡️ 🟢 @otisa502 · Jun 20, 2022 ...
I raised it to \$100. So un-disappoint yourself.
 1   1  

**The Marcus** @TheMarcus · Jun 17, 2022 ...
I like your optimism, but let's be honest. This isn't looking good at all. Likely Celsius is insolvent on the backend. Even if they do have some of the funds, as soon as they open withdraws they'll be emptied out. Trust is gone. Game over for them.
 1   2  


**Otis** 🍌 🐕 🧡 🛡️ 🟢 @otisa502 · Jun 17, 2022 ...
All I can do is try on the short squeeze end. I have no idea about the insolvency or anything like that. I'm hoping everything is fine just like everyone else.
 2  1  6  

 **Otis** 🍌 🐕 🍷 🛡️ 🟢 @otisa502 · Jun 16, 2022 ...
Celsius made mistakes, most notably ignoring CEL for a year and adding no use cases, what are called utilities. So they share a lot of the blame.


🗨️ 2 ↺ 5 📊 ⬆

 **softpoo** @softpoo · Jun 15, 2022 ...
Replying to @otisa502 and @CelsiusNetwork
the many people that got liquidated on cel should be mad at these shorters, not at Celsius

🗨️ 6 ↺ 4 🍷 67 📊 ⬆

 **Otis** 🍌 🐕 🍷 🛡️ 🟢 @otisa502 · Jun 15, 2022 ...
Exactly. We all know CEL has no business being below even \$2.50, much less \$0.20. Now we know the reason why: The shorters borrowed 18.5 million CEL tokens and sold them off on FTX and drove the CEL price all the way down to \$0.20, liquidating us and creating FUD at the same time


🗨️ 5 ↺ 8 🍷 77 📊 ⬆

 **Logic Goes a Long Way** @ERcrypto74 · Jun 17, 2022 ...
It was a Ponzi... its incredible some refuse to understand they were duped by #Mashinsky... read the white paper and just see how obvious it is CEL token was never needed other than to raise money and the. Exit liquidity for its founder

🗨️ 2 ↺ 4 📊 ⬆

 **Otis** 🍌 🐕 🍷 🛡️ 🟢 @otisa502 · Jun 17, 2022 ...
That's besides the point right now, we're trying to make money GameStop and WSB style by squeezing the short sellers for as much as possible.

🗨️ ↺ 2 📊 ⬆

 **SQNT Seany** 🛒 🚀 🟡 @QntSeany · Jun 16, 2022 ...
How many Cel do the shorts need to buy back now to close position cheers!

🗨️ 1 ↺ 🍷 📊 ⬆

 **Otis** 🍌 🐕 🍷 🛡️ 🟢 @otisa502 · Jun 16, 2022 ...
6 million or so.